

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

| | 4th Quarter Ended | | Financial Year Ended | |
|---|-------------------------------------|--|-----------------------------|--|
| | 31 December 2016 | 31 December 2015 (Restated) | 31 December 2016 | 31 December 2015 (Restated) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 636,372 | 718,305 | 2,552,205 | 2,750,820 |
| Operating expenses | (566,810) | (608,320) | (2,240,952) | (2,264,122) |
| Depreciation and amortisation | (53,208) | (42,391) | (195,869) | (161,313) |
| Other (expenses)/income | (10,051) | (2,750) | (25,636) | 16,915 |
| Investment income | 2,093 | 2,193 | 8,250 | 7,984 |
| Interest income | 3,901 | 568 | 4,860 | 4,935 |
| Profit from operations | 12,297 | 67,605 | 102,858 | 355,219 |
| Finance cost | (7,385) | (1,992) | (19,621) | (2,206) |
| Share in results of associate | (1,242) | 1,052 | (8,956) | (6,107) |
| Profit before tax | 3,670 | 66,665 | 74,281 | 346,906 |
| Income tax credit/(expense) | 30,507 | (21,918) | 3,448 | (94,344) |
| Profit for the period/year | 34,177 | 44,747 | 77,729 | 252,562 |
| Other comprehensive income/(loss), Items that will not be reclassified subsequently to profit or loss: | | | | |
| Defined benefit retirement plan actuarial losses | (5,524) | (1,283) | (5,524) | (1,283) |
| | (5,524) | (1,283) | (5,524) | (1,283) |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Foreign currency translation differences for foreign operation | (142) | 4,099 | (793) | (8,700) |
| Net change in cash flow hedges | 528 | (3,093) | (105) | (1,294) |
| Net change in available-for-sale investments | 320 | - | 320 | - |
| Total other comprehensive loss for the period/year, net of tax | (4,818) | (277) | (6,102) | (11,277) |
| Total comprehensive income for the period/year | 29,359 | 44,470 | 71,627 | 241,285 |

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

| | 4 th Quarter Ended | | Financial Year Ended | |
|--|-------------------------------|---|-------------------------------|---|
| | 31 December 2016 RM'000 | 31 December 2015 (Restated) RM'000 | 31 December 2016 RM'000 | 31 December 2015 (Restated) RM'000 |
| Profit attributable to: | | | | |
| Owners of the Company | 33,938 | 44,674 | 76,673 | 252,335 |
| Non-controlling interests | 239 | 73 | 1,056 | 227 |
| | 34,177 | 44,747 | 77,729 | 252,562 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 29,230 | 44,397 | 70,681 | 241,058 |
| Non-controlling interests | 129 | 73 | 946 | 227 |
| | 29,359 | 44,470 | 71,627 | 241,285 |
| Basic and diluted earnings per share (sen) | 4.0 | 5.3 | 9.0 | 29.7 |

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31st December 2015 and the accompanying explanatory notes attached to the interim financial statements)

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

| | As at 31 December 2016 | As at 31 December 2015 (Restated) |
|--|------------------------------|--|
| Note | RM'000 | RM'000 |
| ASSETS | | |
| <u>Non-current assets</u> | | |
| Property, plant and equipment | 1,741,323 | 1,666,395 |
| Investment property | 3,139 | 3,143 |
| Prepaid lease payments on leasehold land | 79,116 | 104,466 |
| Goodwill on consolidation | 1,396,134 | 1,412,141 |
| Other intangible assets | 23,156 | 25,742 |
| Investment in associate | 25,710 | 34,298 |
| Other financial assets | 2,491 | 2,171 |
| Deferred tax assets | 15,856 | 5,755 |
| | <u>3,286,925</u> | <u>3,254,111</u> |
| <u>Current assets</u> | | |
| Inventories | 280,048 | 290,411 |
| Current tax assets | 59,607 | 13,857 |
| Trade receivables | 373,967 | 432,245 |
| Other receivables and prepaid expenses | 32,145 | 38,133 |
| Amounts owing by holding and other related companies | 16,617 | 20,902 |
| Derivative financial assets | 345 | 1,044 |
| Cash and bank balances | 206,188 | 311,395 |
| | <u>968,917</u> | <u>1,107,987</u> |
| Total assets | 4,255,842 | 4,362,098 |
| EQUITY AND LIABILITIES | | |
| <u>Share capital and reserves</u> | | |
| Share capital | 849,695 | 849,695 |
| Reserves: | | |
| Share premium | 1,067,199 | 1,067,199 |
| Capital redemption reserve | 33,798 | 33,798 |
| Exchange equalisation reserve | 27,634 | 28,427 |
| Investments revaluation reserve | 356 | 36 |
| Hedging reserve | 20 | 125 |
| Retained earnings | 1,079,998 | 1,110,595 |
| Equity attributable to owners of the Company | <u>3,058,700</u> | <u>3,089,875</u> |
| Non-controlling interests | 4,930 | 4,929 |
| Total equity | <u>3,063,630</u> | <u>3,094,804</u> |

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

| | Note | As at 31 December 2016 RM'000 | As at 31 December 2015 (Restated) RM'000 |
|---|------|--|--|
| <u>Non-current liabilities</u> | | | |
| Borrowings | B7 | - | 7,000 |
| Retirement benefits | | 80,070 | 68,533 |
| Deferred tax liabilities | | 152,976 | 188,546 |
| | | <u>233,046</u> | <u>264,079</u> |
| <u>Current liabilities</u> | | | |
| Trade payables | | 476,338 | 443,825 |
| Other payables and accrued expenses | | 111,294 | 103,115 |
| Amounts owing to holding and other related companies | | 23,313 | 48,861 |
| Borrowings | B7 | 347,470 | 334,100 |
| Derivative financial liabilities | | - | 162 |
| Current tax liabilities | | 751 | 5,176 |
| Dividend payable | | - | 67,976 |
| | | <u>959,166</u> | <u>1,003,215</u> |
| Total liabilities | | <u>1,192,212</u> | <u>1,267,294</u> |
| Total equity and liabilities | | <u>4,255,842</u> | <u>4,362,098</u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | | <u>3.60</u> | <u>3.64</u> |
| Net tangible assets per share attributable to ordinary equity holders of the Company (RM) | | <u>1.93</u> | <u>1.94</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 2015 and the accompanying explanatory notes attached to the interim financial statements.)

LAFARGE MALAYSIA BERHAD (1877-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Non-distributable → | | | | | | Distributable | | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|-------------------------|-------------------------|--------------------------------------|---|--|---------------------------|-----------------------------|------------------|-------------------------------------|------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Capital Redemption Reserve RM'000 | Exchange Equalisation Reserve RM'000 | Investment Revaluation Reserve RM'000 | Hedging Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | | |
| As at 1 January 2016 | 849,695 | 1,067,199 | 33,798 | 28,427 | 36 | 125 | 1,109,266 | 3,088,546 | 5,225 | 3,093,771 |
| Prior years' adjustments (Note A4) | - | - | - | - | - | - | 1,329 | 1,329 | (296) | 1,033 |
| As restated | 849,695 | 1,067,199 | 33,798 | 28,427 | 36 | 125 | 1,110,595 | 3,089,875 | 4,929 | 3,094,804 |
| Profit for the year | - | - | - | - | - | - | 76,673 | 76,673 | 1,056 | 77,729 |
| Other comprehensive loss for the year, net of tax | - | - | - | (793) | 320 | (105) | (5,414) | (5,992) | (110) | (6,102) |
| Acquisition of additional interests in an existing subsidiary | - | - | - | - | - | - | 108 | 108 | (945) | (837) |
| Dividends | - | - | - | - | - | - | (101,964) | (101,964) | - | (101,964) |
| As at 31 December 2016 | 849,695 | 1,067,199 | 33,798 | 27,634 | 356 | 20 | 1,079,998 | 3,058,700 | 4,930 | 3,063,630 |
| As at 1 January 2015 | 849,695 | 1,067,199 | 33,798 | 37,127 | 36 | 1,419 | 1,131,447 | 3,120,721 | 4,223 | 3,124,944 |
| Profit for the year | - | - | - | - | - | - | 252,335 | 252,335 | 227 | 252,562 |
| Other comprehensive loss for the year, net of tax | - | - | - | (8,700) | - | (1,294) | (1,283) | (11,277) | - | (11,277) |
| Arising from acquisition of subsidiaries | - | - | - | - | - | - | - | - | 816 | 816 |
| Dividends | - | - | - | - | - | - | (271,904) | (271,904) | (337) | (272,241) |
| As at 31 December 2015 | 849,695 | 1,067,199 | 33,798 | 28,427 | 36 | 125 | 1,110,595 | 3,089,875 | 4,929 | 3,094,804 |

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

| | Financial Year Ended | |
|--|-------------------------------|---|
| | 31 December 2016 RM'000 | 31 December 2015 (Restated) RM'000 |
| <u>Cash Flows From Operating Activities</u> | | |
| Profit before tax | 74,281 | 346,906 |
| Adjustments for:- | | |
| Allowance for inventory obsolescence | 2,806 | 6,080 |
| Amortisation of: | | |
| - other intangible assets | 2,586 | 719 |
| - prepaid lease payments on leasehold land | 5,577 | 6,456 |
| Depreciation of: | | |
| - investment property | 4 | 9 |
| - property, plant and equipment | 187,702 | 154,129 |
| Derivative gain | (87) | (21) |
| Dividend income | (189) | (162) |
| Finance cost | 19,621 | 2,206 |
| Impairment loss recognised on trade receivables | 4,780 | 1,669 |
| Interest income | (4,860) | (4,935) |
| Loss/(gain) on disposal of: | | |
| - property, plant and equipment | 2,478 | (1,942) |
| - subsidiary | 8,255 | - |
| - investment property | - | 129 |
| - quoted investment | - | (18) |
| Gain on bargain purchase | (602) | - |
| Property, plant and equipment written off | 6,703 | 1,314 |
| Provision for retirement benefits | 9,347 | 8,768 |
| Reversal of impairment loss on investment property | - | (186) |
| Reversal of impairment loss on trade receivables | (2,016) | (2,850) |
| Reversal of allowance for inventory obsolescence | (3,236) | (6,771) |
| Unrealised gain on foreign exchange | (426) | (22,706) |
| Share in results of associate | 8,956 | 6,107 |
| Operating profit before changes in working capital | 321,680 | 494,901 |
| (Increase)/decrease in: | | |
| Inventories | (2,014) | 8,898 |
| Receivables | 41,291 | (3,526) |
| Amounts owing by holding and other related companies | 5,054 | (6,961) |
| (Decrease)/increase in: | | |
| Payables | 43,935 | (31,211) |
| Amounts owing to holding and other related companies | (25,582) | 12,315 |
| Cash generated from operations | 384,364 | 474,416 |
| Retirement benefits paid | (5,974) | (1,919) |
| Tax paid | (86,101) | (89,070) |
| Net cash generated from operating activities | 292,289 | 383,427 |

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

| | Financial Year Ended | |
|--|-----------------------------|--------------------|
| | 31 December | 31 December |
| | 2016 | 2015 |
| | | (Restated) |
| | RM'000 | RM'000 |
| <u>Cash Flows From Investing Activities</u> | | |
| Additions to property, plant and equipment | (247,691) | (216,728) |
| Acquisition of additional interest in associate | - | (13,372) |
| Acquisitions of additional interests in an existing subsidiary | (837) | - |
| Dividend received | 189 | 162 |
| Net cash outflow from acquisition of subsidiaries (Note a) | (356) | (319,474) |
| Interest received | 4,860 | 4,935 |
| Payment for prepaid lease payments | (450) | (2,062) |
| Proceeds from disposal of: | | |
| - property, plant and equipment | 2,888 | 5,018 |
| - investment property | - | 194 |
| - investment | - | 36 |
| - subsidiary | 27,972 | - |
| Net cash used in investing activities | <u>(213,425)</u> | <u>(541,291)</u> |
| <u>Cash Flows From Financing Activities</u> | | |
| Dividends paid | (169,940) | (271,904) |
| Dividend paid to a non-controlling interest | - | (337) |
| Interest paid | (21,537) | (2,206) |
| Drawdown of borrowings | 14,500 | 282,500 |
| Repayment of borrowings | (14,600) | (3,511) |
| Net cash used in financing activities | <u>(191,577)</u> | <u>4,542</u> |
| Net Change in Cash and Cash Equivalents | (112,713) | (153,322) |
| Effects of currency translations | 1,036 | 3,848 |
| Cash and Cash Equivalents at beginning of the year | 311,395 | 460,869 |
| Cash and Cash Equivalents at end of the year | <u>199,718</u> | <u>311,395</u> |
| Cash and bank balances | 206,188 | 311,395 |
| Bank overdraft (Note B7) | (6,470) | - |
| | <u>199,718</u> | <u>311,395</u> |

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

| | Financial Year Ended | |
|---|-----------------------------|--------------------|
| | 31 December | 31 December |
| | 2016 | 2015 |
| | | (Restated) |
| <u>Note a:</u> | | |
| Net cash outflow from acquisition of subsidiaries are as follows: | RM'000 | RM'000 |
| Tangible fixed assets | 359 | 135,134 |
| Goodwill and intangibles | - | 23,783 |
| Other non-current assets | 111 | - |
| Non-current liabilities | (339) | (24,552) |
| Net current assets | 3,251 | (18,757) |
| Net assets acquired | <u>3,382</u> | <u>115,608</u> |
| Non-controlling interests | - | (816) |
| Consideration sum indemnified | - | 2,289 |
| Goodwill arising from acquisition of subsidiaries | - | 208,464 |
| Gain on bargain purchase | (602) | - |
| Cash and bank balances acquired | <u>(2,424)</u> | <u>(6,071)</u> |
| Net cash outflow from acquisition of subsidiaries | <u>356</u> | <u>319,474</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 2015 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 2015. The audited financial statements of the Group for the year ended 31 December 2015 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 2015.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, 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 2016:

| | |
|--|---|
| Amendments to MFRS 10, MFRS 12 and MFRS 128 | Investment Entities: Applying the Consolidation Exception |
| Amendments to MFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| Amendments to MFRS 101 | Disclosure Initiative |
| Amendments to MFRS 116 and MFRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to MFRSs | Annual Improvements to MFRSs 2012 - 2014 Cycle |

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.

A2. Significant Accounting Policies (continued)

The Group has not adopted the following new and revised MFRSs that have been issued but are not yet effective

| | |
|------------------------------------|--|
| MFRS 9 | Financial Instruments ² |
| MFRS 15 | Revenue from Contracts with Customers ² |
| MFRS 16 | Leases ³ |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| Amendments to MFRS 107 | Disclosure Initiative ¹ |
| Amendments to MFRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses ¹ |
| Amendments to MFRS 140 | Transfers of Investment Properties ² |
| Amendments to MFRSs | Annual Improvements to IFRSs 2014 - 2016 Cycle ^{1or2} |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration ² |

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective date to be determined

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 for MFRS 9 and MFRS 15. The Group is currently assessing the impact of adopting both MFRS 9 and MFRS 15.

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. Completion of Purchase Price Allocation

During the current financial period, the Group has completed the purchase price allocation (“PPA”) exercise to determine the fair values of the net assets of Holcim (Malaysia) Sdn Bhd and its subsidiaries comprising Holcim Marketing (Malaysia) Sdn Bhd, ISB Kuari Kota Tinggi Sdn Bhd and Geocycle Malaysia Sdn Bhd (“Holcim Malaysia”) within the stipulated time period, ie 12 months from the acquisition date of 16 November 2015, in accordance with MFRS 3 “Business Combinations”. Based on the fair values of the net assets of Holcim Malaysia, the goodwill amount has increased from RM203.9 million to RM208.5 million. The adjusted fair value of Holcim Malaysia have been reflected in the Group’s Consolidated Statement of Financial Position as at previous financial year ended 31 December 2015.

Below are the effects of the final PPA adjustments in accordance with MFRS 3:

| | As previously stated RM’000 | Adjustments RM’000 | As restated RM’000 |
|---|-----------------------------------|-----------------------|-----------------------|
| As at 31 December 2015 | | | |
| Consolidated Statement of Financial Position | | | |
| <u>Non-current assets</u> | | | |
| Property, plant and equipment | 1,659,851 | 6,544 | 1,666,395 |
| Prepaid lease payments on leasehold land | 97,022 | 7,444 | 104,466 |
| Goodwill on consolidation | 1,407,589 | 4,552 | 1,412,141 |
| Other intangible assets | 39,643 | (13,901) | 25,742 |

A4. Completion of Purchase Price Allocation (continued)

Below are the effects of the final PPA adjustments in accordance with MFRS 3: (continued)

| | As previously stated RM'000 | Adjustments RM'000 | As restated RM'000 |
|---|-----------------------------------|-----------------------|-----------------------|
| As at 31 December 2015 | | | |
| Consolidated Statement of Financial Position | | | |
| <u>Current assets</u> | | | |
| Trade receivables | 432,772 | (527) | 432,245 |
| Other receivables and prepaid expenses | 39,075 | (942) | 38,133 |
| <u>Non-current liability</u> | | | |
| Deferred tax liabilities | 189,657 | (1,111) | 188,546 |
| <u>Current liability</u> | | | |
| Other payables and accrued expenses | 99,867 | 3,248 | 103,115 |
| Consolidated Statement of Changes in Equity | | | |
| Retained earnings | 1,109,266 | 1,329 | 1,110,595 |
| Non-controlling interests | 5,225 | (296) | 4,929 |
| For the financial period/year ended 31 December 2015 | | | |
| Consolidated Statement of Comprehensive Income | | | |
| <u>Quarter</u> | | | |
| Operating expenses | (610,509) | 2,189 | (608,320) |
| Depreciation and amortisation | (41,951) | (440) | (42,391) |
| Income tax expense | (21,498) | (420) | (21,918) |
| Profit attributable to owners of the Company | 43,345 | 1,329 | 44,674 |
| Total comprehensive income attributable to owners of the Company | 43,068 | 1,329 | 44,397 |
| <u>Financial year</u> | | | |
| Operating expenses | (2,266,311) | 2,189 | (2,264,122) |
| Depreciation and amortisation | (160,873) | (440) | (161,313) |
| Income tax expense | (93,924) | (420) | (94,344) |
| Profit attributable to owners of the Company | 251,006 | 1,329 | 252,335 |
| Total comprehensive income attributable to owners of the Company | 239,729 | 1,329 | 241,058 |

A5. 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.

A6. 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.

A7. 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.

A8. 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 financial period under review.

A9. Dividend Paid

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 2015 amounting to RM67.976 million was paid on 13 January 2016.

A fourth interim single tier dividend of 7.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2015 amounting to RM59.479 million was paid on 20 April 2016.

A first interim single tier dividend of 3.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016 amounting to RM25.491 million was paid on 27 July 2016.

A second interim single tier dividend of 2.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016 amounting to RM16.994 million was paid on 27 October 2016.

A10. 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 |

A10. Segmental Information (continued)

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

| Year Ended 31 December | Cement | | Aggregates & Concrete | | Elimination | | Total | |
|--|------------------|------------------------------|-----------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|
| | 2016 RM'000 | 2015 (Restated) RM'000 | 2016 RM'000 | 2015 (Restated) RM'000 | 2016 RM'000 | 2015 (Restated) RM'000 | 2016 RM'000 | 2015 (Restated) RM'000 |
| Segment revenue | | | | | | | | |
| External revenue | 1,943,269 | 2,277,948 | 608,936 | 472,872 | - | - | 2,552,205 | 2,750,820 |
| Internal revenue | 322,059 | 319,373 | 9,514 | 5,495 | (331,573) | (324,868) | - | - |
| | <u>2,265,328</u> | <u>2,597,321</u> | <u>618,450</u> | <u>478,367</u> | <u>(331,573)</u> | <u>(324,868)</u> | <u>2,552,205</u> | <u>2,750,820</u> |
| Segment profit/(loss) | <u>99,770</u> | <u>355,338</u> | <u>(1,772)</u> | <u>(5,054)</u> | <u>-</u> | <u>-</u> | <u>97,998</u> | <u>350,284</u> |
| Reconciliation of segment profit to consolidated profit before tax: | | | | | | | | |
| Interest income | | | | | | | 4,860 | 4,935 |
| Finance cost | | | | | | | (19,621) | (2,206) |
| Share in results of associate | | | | | | | (8,956) | (6,107) |
| Consolidated profit before tax | | | | | | | <u>74,281</u> | <u>346,906</u> |
| Segment assets | <u>4,025,123</u> | <u>4,041,863</u> | <u>290,880</u> | <u>278,879</u> | <u>(370,013)</u> | <u>(326,120)</u> | <u>3,945,990</u> | <u>3,994,622</u> |
| Reconciliation of segment assets to consolidated total assets: | | | | | | | | |
| Investment in associate | | | | | | | 25,710 | 34,298 |
| Unallocated corporate assets | | | | | | | 284,142 | 333,178 |
| Consolidated total assets | | | | | | | <u>4,255,842</u> | <u>4,362,098</u> |
| Segment liabilities | <u>827,634</u> | <u>844,894</u> | <u>244,193</u> | <u>218,424</u> | <u>(380,812)</u> | <u>(330,846)</u> | <u>691,015</u> | <u>732,472</u> |
| Reconciliation of segment liabilities to consolidated total liabilities: | | | | | | | | |
| Interest bearing instruments | | | | | | | 347,470 | 341,100 |
| Unallocated corporate liabilities | | | | | | | 153,727 | 193,722 |
| Consolidated total liabilities | | | | | | | <u>1,192,212</u> | <u>1,267,294</u> |

A11. 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.

A12. Material Events Subsequent to Quarter End

There were no other material events subsequent to the current financial quarter 31 December 2016 up to the date of this report which are likely to substantially affect the results of the operations of the Group.

A13. Changes in Group Composition

On 29 November 2016, the Group completed its acquisition of a 100% equity stake in Coprochem Services Malaysia Sdn Bhd for a total cash consideration of RM2,779,833.

On 28 December 2016, the Group completed its disposal of its 100% equity interest in Lafarge Aggregates (Ipoh) Sdn Bhd for a cash consideration of RM28,000,000.

A14. Contingent Liabilities

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

A15. 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 2016 RM'000 |
|------------------------------------|--|
| In respect of capital expenditure: | |
| Approved and contracted for | 44,086 |
| Approved but not contracted for | 184,120 |
| | <u>228,206</u> |

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's Performance

Current Quarter vs. Corresponding Quarter of Previous Year.

The Group's revenue decreased by 11.4% to RM636.4 million during the current quarter from RM718.3 million recorded in the corresponding quarter last year. This decrease was mainly attributable to the lower sales contribution from Cement segment due to the soft market demand coupled with increased industry capacity which was affected by the slowdown in the property market and delay in some mega infrastructure projects, partially mitigated by the higher sales contribution from concrete segment.

The Group's current quarter profit before tax declined from RM66.7 million recorded in the corresponding quarter of last year to RM3.7 million. This decrease was mainly attributable to the lower operating profits from cement segment due to weak demand and pricing pressure. The lower profitability was also as a result of the one-off loss on disposal of a subsidiary, higher loss on disposal and write-off of property, plant and equipment, higher finance cost arising from the borrowings raised late last year to fund the acquisition of Holcim Malaysia which was completed in quarter 4 2015 and higher losses from share of associate.

Current Period To Date vs. Corresponding Period to Date of Previous Year.

The Group registered a decrease in revenue by 7.2% to RM2,552.2 million for the year ended 31 December 2016 against last year of RM2,750.8 million. This decrease was mainly attributable to the lower sales revenue from cement segment affected by weak demand and pricing pressure, partially mitigated by the higher sales contribution from concrete segment.

The Group's profit before tax weakened to RM74.3 million as compared to last year of RM346.9 million which was mainly attributable to the lower revenue from cement segment, one-off income on insurance claims in Q2 2015, one-off Holcim integration costs, one-off loss on disposal of a subsidiary, lower foreign exchange gain, higher loss on disposal and write-off of property, plant and equipment and higher finance costs due to new borrowings raised late last year to fund the acquisition of Holcim Malaysia.

B2. Comparison with Preceding Quarter

| | 4th Quarter Ended 31 December 2016 RM'000 | 3rd Quarter Ended 30 September 2016 RM'000 |
|-------------------|---|--|
| Revenue | 636,372 | 587,249 |
| Profit before tax | <u>3,670</u> | <u>5,288</u> |

The Group registered an increase in revenue by 8.3% compared to preceding quarter mainly attributed to higher sales contribution from domestic cement and concrete segment on the back of higher market demand. Despite the improved revenue, the Group's profit before tax for the current quarter of RM3.7 million was lower than the preceding quarter mainly attributed to the one-off loss on disposal of a subsidiary and higher loss on disposal and write-off of property plant and equipment that happened in the current quarter.

B3. Prospects

There is on-going pricing pressure and stiff competition in the cement industry. Prospects for the construction industry in the mid to long-term show a positive trend fuelled mainly by infrastructure development and affordable housing.

The Group will continue its efforts on differentiation, and in developing solutions and offers to meet customers' needs in the infrastructure projects where it has proven track record.

For the building segment, efforts continue in developing value-adding products and in increasing our presence in the retail segment and affordable housing solution.

Cost leadership remains a top priority with focus on the optimization of the Group's network of assets and operations for operational efficiency.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 December 2016.

B5. Income Tax Credit

Income tax credit/(expense) comprises the following:

| | 4th Quarter Ended 31 December 2016 RM'000 | Year Ended 31 December 2016 RM'000 |
|-----------------------------|---|---|
| In respect of current year: | | |
| - income tax | 13,018 | (38,359) |
| - deferred tax | 16,756 | 39,643 |
| | | |
| In respect of prior year: | | |
| - income tax | (1,596) | 1,998 |
| - deferred tax | 2,329 | 166 |
| Total tax credit | <u>30,507</u> | <u>3,448</u> |

The Group's effective tax rate for the current quarter is lower than the statutory tax rate of 24% in Malaysia mainly due to the recognition of deferred tax assets arising from the reinvestment allowance.

B6. Status of Corporate Proposals

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

B7. Group Borrowings

The Group borrowings (denominated in Ringgit Malaysia) are as follows:

| | As at 31 December 2016 RM'000 | As at 31 December 2015 RM'000 |
|---------------------------------|--|--|
| <u>Short-term borrowings</u> | | |
| Non-secured | | |
| Bankers' acceptance | - | 7,600 |
| Medium Term Note | 280,000 | 280,000 |
| Revolving credit | 54,000 | 39,500 |
| Term loan (current) | 7,000 | 7,000 |
| Bank overdraft | 6,470 | - |
| | <hr/> 347,470 | <hr/> 334,100 |
| <u>Long-term borrowings</u> | | |
| Non-secured | | |
| Term loan (non-current) | - | 7,000 |
| Total Group borrowings | <hr/> 347,470 | <hr/> 341,100 |

All borrowings are denominated in Ringgit Malaysia.

B8. 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 the hearing dates for this matter have been fixed for April 2017.

B9. Dividend

The Directors do not recommend any interim dividend for the current quarter under review.

B10. Profit for the Period/Year

| | 4th Quarter Ended | | Year Ended | |
|---|-------------------------------------|--|-----------------------------|--|
| | 31 December 2016 | 31 December 2015 (Restated) | 31 December 2016 | 31 December 2015 (Restated) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period is arrived after charging: | | | | |
| Allowance for inventory obsolescence | 1,247 | 1,879 | 2,806 | 6,080 |
| Amortisation of: | | | | |
| - other intangible assets | 693 | 512 | 2,586 | 719 |
| - prepaid lease payments on leasehold land | 1,386 | 1,267 | 5,577 | 6,456 |
| Depreciation of: | | | | |
| - investment property | 2 | - | 4 | 9 |
| - property, plant and equipment | 51,127 | 40,612 | 187,702 | 154,129 |
| Derivative loss | 891 | 5,353 | - | - |
| Impairment loss recognised on trade receivables | 4,059 | (335) | 4,780 | 1,669 |
| Loss on disposal of property, plant and equipment | 1,486 | - | 2,478 | - |
| Loss on disposal of investment property | - | 190 | - | 129 |
| Loss on disposal of subsidiary | 8,255 | - | 8,255 | - |
| Property, plant and equipment written off | 5,429 | 818 | 6,703 | 1,314 |
| Provision for retirement benefits | 2,395 | 2,425 | 9,347 | 8,768 |
| Realised loss on foreign exchange | 454 | 4,334 | - | 12,493 |
| and after crediting: | | | | |
| Derivative gain | 235 | - | 87 | 21 |
| Gain on disposal of: | | | | |
| - property, plant and equipment | - | 606 | - | 1,942 |
| - quoted investment | - | 18 | - | 18 |
| Reversal of impairment loss on trade receivables | 2,016 | (7) | 2,016 | 2,850 |
| Reversal of impairment loss on investment property | - | 186 | - | 186 |
| Realised gain on foreign exchange | - | - | 4,727 | - |
| Unrealised gain on foreign exchange | 1,812 | 1,107 | 426 | 22,706 |

B11. Earnings per share

Earnings per share are calculated as follows:

| | 4 th Quarter Ended | | Year Ended | |
|---|-------------------------------|--------------------------------------|------------------------|--------------------------------------|
| | 31 December 2016 | 31 December 2015 (Restated) | 31 December 2016 | 31 December 2015 (Restated) |
| Profit attributable to equity holders of the Company (RM'000) | 33,938 | 44,674 | 76,673 | 252,335 |
| Weighted average number of ordinary shares in issue ('000) | 849,695 | 849,695 | 849,695 | 849,695 |
| Basic and diluted earnings per share (sen) | 4.0 | 5.3 | 9.0 | 29.7 |

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

B12. Disclosure of Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 31 December 2016, into realised and unrealised profits, is as follows:

| | As at 31 December 2016 RM'000 | As at 31 December 2015 (Restated) RM'000 |
|--|-------------------------------------|---|
| Total retained earnings of the Group: | | |
| - realised | 1,340,431 | 1,401,158 |
| - unrealised | 60,725 | 10,638 |
| | <hr/> 1,401,156 | <hr/> 1,411,796 |
| Total share of retained earnings from associate: | | |
| - realised | 16,184 | 25,140 |
| | <hr/> 1,417,340 | <hr/> 1,436,936 |
| Less: Consolidation adjustments | (337,342) | (326,341) |
| Total retained earnings as per statement of financial position | <hr/> <hr/> 1,079,998 | <hr/> <hr/> 1,110,595 |

Dated: 22 February 2017
Petaling Jaya, Selangor Darul Ehsan.