

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

	4th Quarter Ended		Year to Date Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Revenue	576,355	636,372	2,248,833	2,552,205
Operating expenses	(600,605)	(566,810)	(2,290,413)	(2,240,952)
Depreciation and amortisation	(51,266)	(53,208)	(209,305)	(195,869)
Other expenses	(23,790)	(10,051)	(13,057)	(25,636)
Investment income	2,672	2,093	9,902	8,250
(Loss)/profit from operations	(96,634)	8,396	(254,040)	97,998
Interest income	884	3,901	5,117	4,860
Finance cost	(7,489)	(7,385)	(25,099)	(19,621)
Share of results of joint venture	418	(1,242)	(5,015)	(8,956)
(Loss)/profit before tax	(102,821)	3,670	(279,037)	74,281
Income tax credit	23,459	30,507	65,452	3,448
(Loss)/profit for the period	(79,362)	34,177	(213,585)	77,729
Other comprehensive loss, Items that will not be reclassified subsequently to profit or loss:				
Defined benefits retirement plan actuarial gains/(losses)	6,346	(5,524)	5,901	(5,524)
	6,346	(5,524)	5,901	(5,524)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operation	1,814	(142)	235	(793)
Net change in cash flow hedges	1,753	528	(1,212)	(105)
Net change in available-for-sale investments	778	320	778	320
Total other comprehensive gain/(loss) for the period, net of tax	10,691	(4,818)	5,702	(6,102)
Total comprehensive (loss)/income for the period	(68,671)	29,359	(207,883)	71,627

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

	4th Quarter Ended		Year to Date Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
(Loss)/profit attributable to:				
Owners of the Company	(80,124)	33,938	(215,160)	76,673
Non-controlling interests	762	239	1,575	1,056
	(79,362)	34,177	(213,585)	77,729
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(69,497)	29,230	(209,493)	70,681
Non-controlling interests	826	129	1,610	946
	(68,671)	29,359	(207,883)	71,627
Basic and diluted (loss)/earnings per share (sen)	(9.4)	4.0	(25.3)	9.0

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31st December 2016 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 2017 RM'000	As at 31 December 2016 RM'000
	Note	
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,734,758	1,741,323
Investment property	3,135	3,139
Prepaid lease payments on leasehold land	71,974	79,116
Goodwill on consolidation	1,396,134	1,396,134
Other intangible assets	20,299	23,156
Investment in joint venture	20,249	25,710
Other financial assets	3,209	2,491
Deferred tax assets	61,255	15,856
	3,311,013	3,286,925
<u>Current assets</u>		
Inventories	358,964	280,048
Current tax assets	83,100	59,607
Trade receivables	408,819	441,781
Other receivables and prepaid expenses	70,664	32,145
Amounts owing by holding and other related companies	23,085	16,617
Derivative financial assets	69	345
Cash and bank balances	99,906	206,188
	1,044,607	1,036,731
Total assets	4,355,620	4,323,656
EQUITY AND LIABILITIES		
<u>Share capital and reserves</u>		
Share capital	1,950,692	849,695
Reserves:		
Share premium	-	1,067,199
Capital redemption reserve	-	33,798
Exchange equalisation reserve	27,869	27,634
Investments revaluation reserve	1,134	356
Hedging reserve	(1,192)	20
Retained earnings	870,704	1,079,998
Equity attributable to owners of the Company	2,849,207	3,058,700
Non-controlling interests	6,540	4,930
Total equity	2,855,747	3,063,630

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

	Note	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
<u>Non-current liabilities</u>			
Borrowings	B7	279,387	-
Retirement benefits		71,514	80,070
Deferred tax liabilities		117,205	152,976
		<u>468,106</u>	<u>233,046</u>
<u>Current liabilities</u>			
Trade payables		504,852	476,338
Other payables and accrued expenses		236,200	179,108
Amounts owing to holding and other related companies		82,631	23,313
Borrowings	B7	205,000	347,470
Derivative financial liabilities		1,643	-
Current tax liabilities		1,441	751
		<u>1,031,767</u>	<u>1,026,980</u>
Total liabilities		<u>1,499,873</u>	<u>1,260,026</u>
Total equity and liabilities		<u>4,355,620</u>	<u>4,323,656</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>3.35</u>	<u>3.60</u>
Net tangible assets per share attributable to ordinary equity holders of the Company (RM)		<u>1.69</u>	<u>1.93</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 2016 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 2017	849,695	1,067,199	33,798	27,634	356	20	1,079,998	3,058,700	4,930	3,063,630
Profit for the period	-	-	-	-	-	-	(215,160)	(215,160)	1,575	(213,585)
Other comprehensive loss for the period, net of tax	-	-	-	235	778	(1,212)	5,866	5,667	35	5,702
Transfer arising from "no par value" regime ⁽¹⁾	1,100,997	(1,067,199)	(33,798)	-	-	-	-	-	-	-
As at 31 December 2017	1,950,692	-	-	27,869	1,134	(1,192)	870,704	2,849,207	6,540	2,855,747
As at 1 January 2016	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 period	-	-	-	-	-	-	76,673	76,673	1,056	77,729
Other comprehensive loss for the period, net of tax	-	-	-	(793)	320	(105)	(5,414)	(5,992)	(110)	(6,102)
Acquisition of additional interest 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

⁽¹⁾ Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium account and capital redemption reserve become part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(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 2016 and the accompanying explanatory notes attached to the interim financial statements)

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

	12 months Financial Year Ended	
	31 December	31 December
	2017	2016
	RM'000	RM'000
<u>Cash Flows From Operating Activities</u>		
(Loss)/profit before tax	(279,037)	74,281
Adjustments for:-		
Allowance for inventory obsolescence	1,044	2,806
Amortisation of:		
- other intangible assets	2,857	2,586
- prepaid lease payments on leasehold land	4,772	5,577
Depreciation of:		
- investment property	4	4
- property, plant and equipment	201,672	187,702
Derivative loss/(gain)	347	(87)
Dividend income	(198)	(189)
Finance cost	25,099	19,621
Impairment loss recognised on trade receivables	2,222	4,780
Interest income	(5,117)	(4,860)
(Gain)/loss on disposal of:		
- property, plant and equipment	(5,837)	2,478
- subsidiary	-	8,255
- prepaid lease payment	(8,984)	-
- unquoted investment	10	-
Gain on bargain purchase	-	(602)
Property, plant and equipment written off	8,202	6,703
Provision for retirement benefits	3,754	9,347
Reversal of impairment loss on trade receivables	(3,613)	(2,016)
Reversal of allowance for inventory obsolescence	-	(3,236)
Unrealised loss/(gain) on foreign exchange	5,256	(426)
Share of results of joint venture	5,015	8,956
Operating (loss)/profit before changes in working capital	(42,532)	321,680
(Increase)/decrease in:		
Inventories	(81,593)	(2,014)
Receivables	(11,006)	(26,523)
Amounts owing by holding and other related companies	(6,468)	5,054
(Decrease)/Increase in:		
Payables	55,649	111,749
Amounts owing to holding and other related companies	59,834	(25,582)
Cash (used in)/generated from operations	(26,116)	384,364
Retirement benefits paid	(4,635)	(5,974)
Tax paid	(39,584)	(86,101)
Net cash (used in)/generated from operating activities	(70,335)	292,289

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

	12 months Financial Year Ended	
	31 December	31 December
	2017	2016
	RM'000	RM'000
<u>Cash Flows From Investing Activities</u>		
Additions to property, plant and equipment	(177,278)	(247,691)
Acquisitions of additional interests in an existing subsidiary	-	(837)
Dividend received	198	189
Net cash outflow from acquisition of subsidiaries (Note a)	-	(356)
Interest received	5,117	4,860
Payment for prepaid lease payments	(290)	(450)
Proceeds from disposal of:		
- property, plant and equipment	6,452	2,888
- subsidiary	-	27,972
- prepaid lease payment	11,644	-
- unquoted investment	50	-
	(154,107)	(213,425)
<u>Cash Flows From Financing Activities</u>		
Dividends paid	-	(169,940)
Interest paid	(17,881)	(21,537)
Drawdown of borrowings	430,282	14,500
Repayment of borrowings	(287,000)	(14,600)
	125,401	(191,577)
Net cash generated from/(used in) financing activities		
Net Change in Cash and Cash Equivalents	(99,041)	(112,713)
Effects of currency translations	(771)	1,036
Cash and Cash Equivalents at beginning of the year	199,718	311,395
	99,906	199,718
Cash and Cash Equivalents at end of the year		
Cash and bank balances	99,906	206,188
Bank overdraft (Note B7)	-	(6,470)
	99,906	199,718

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31st December 2016 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 2016. The audited financial statements of the Group for the year ended 31 December 2016 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 2016.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016, 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 2017:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12	Annual Improvements to MFRS Standards 2014 - 2016 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.

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

MFRS 9	Financial Instruments ¹
MFRS 15	Revenue from Contracts with Customers ¹
MFRS 16	Leases ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 128	Long-term Interests in Associates and Joint Venture ²
Amendments to MFRS 140	Transfers of Investment Properties ¹
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ¹
IC Interpretation 23	Uncertainty over Income Tax Treatments ²
Amendments to MFRSs	Annual Improvements to IFRSs 2014 - 2016 Cycle ¹
Amendments to MFRSs	Annual Improvements to IFRSs 2015 - 2017 Cycle ²

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

² Effective for annual periods beginning on or after 1 January 2019

³ Effective date to be determined

A2. Significant Accounting Policies (continued)

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 16. The Group is currently assessing the financial impact of adopting MFRS 16.

Further details of the impact on the financial statements in the period of initial application of MFRS 9 and 15 are as below:

MFRS 9 Financial Instruments

MFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. MFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of MFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instruments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.
- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

A2. Significant Accounting Policies (continued)

MFRS 9 Financial Instruments - continued

Key requirements of MFRS 9: - continued

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the Directors of the Company have assessed the impact of MFRS 9 to the financial statements of the Group and of the Company as follows:

Classification and measurement

- Investment classified as held-to-maturity and loans and receivables carried at amortised cost: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of MFRS 9;
- Quoted and unquoted investments and others classified as available-for-sale investments carried at fair value: these investments qualify for designation as measured at FVTOCI under MFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under MFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's and the Company's profit or loss and other comprehensive income but will not affect total comprehensive income;
- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under MFRS 139.

Impairment

Financial assets measured at amortised cost and investments that will be carried at FVTOCI under MFRS 9 (see classification and measurement section above) and financial guarantee contracts will be subject to the impairment provisions of MFRS 9.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by MFRS 9. As regards the quoted, unquoted and others investments and debentures, the Directors consider that they have low credit risk and hence, expect to recognise 12-month expected credit losses for these items. In relation to amount owing by subsidiaries, holding and other related companies and financial guarantee contracts, the Directors have assessed that there has not been a significant increase in the credit risk of these items from initial recognition to 31 December 2017. Accordingly, the Directors expect to recognise 12-month expected credit losses for these items respectively.

A2. Significant Accounting Policies (continued)

MFRS 9 Financial Instruments - continued

Impairment - continued

With regard to the impact of the expected loss model on trade receivables, quoted, unquoted and others investments, debentures and amounts owing by subsidiaries, holding company and other related companies, the Directors do not anticipate that the application of expected credit loss model of MFRS 9 will have a material financial impact to the financial statements of the Group and of the Company.

Hedge accounting

The new hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's and Company's risk management activities have also been introduced.

The Directors do not anticipate that the application of the MFRS 9 hedge accounting requirements will have a material impact on the financial statements of the Group and of the Company.

A2. Significant Accounting Policies (continued)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretation when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required MFRS 15.

In June 2016, the MASB issued Clarifications to MFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Apart from providing more extensive disclosures on the Group's revenue transactions, the Directors do not anticipate that the application of MFRS 15 will have a significant impact on the financial position and or financial performance of the Group.

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 financial period under review.

A8. Dividend Paid

There was no dividend payment during the financial year ended 31 December 2017.

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

A9. Segmental Information (continued)

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

12 Months Ended 31 December	Cement		Aggregates & Concrete		Elimination		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Segment revenue								
External revenue	1,617,187	1,943,269	631,646	608,936	-	-	2,248,833	2,552,205
Internal revenue	293,511	322,059	6,847	9,514	(300,358)	(331,573)	-	-
	<u>1,910,698</u>	<u>2,265,328</u>	<u>638,493</u>	<u>618,450</u>	<u>(300,358)</u>	<u>(331,573)</u>	<u>2,248,833</u>	<u>2,552,205</u>
Segment (loss)/profit	<u>(270,970)</u>	<u>99,770</u>	<u>16,930</u>	<u>(1,772)</u>	<u>-</u>	<u>-</u>	<u>(254,040)</u>	<u>97,998</u>
Reconciliation of segment profit to consolidated (loss)/profit before tax:								
Interest income							5,117	4,860
Finance cost							(25,099)	(19,621)
Share of results of joint venture							(5,015)	(8,956)
Consolidated (loss)/profit before tax							<u>(279,037)</u>	<u>74,281</u>
Segment assets	<u>4,142,600</u>	<u>4,092,937</u>	<u>336,014</u>	<u>290,880</u>	<u>(390,713)</u>	<u>(370,013)</u>	<u>4,087,901</u>	<u>4,013,804</u>
Reconciliation of segment assets to consolidated total assets:								
Investment in joint venture							20,249	25,710
Unallocated corporate assets							247,470	284,142
Consolidated total assets							<u>4,355,620</u>	<u>4,323,656</u>
Segment liabilities	<u>1,047,215</u>	<u>895,448</u>	<u>238,492</u>	<u>244,193</u>	<u>(388,867)</u>	<u>(380,812)</u>	<u>896,840</u>	<u>758,829</u>
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							484,387	347,470
Unallocated corporate liabilities							118,646	153,727
Consolidated total liabilities							<u>1,499,873</u>	<u>1,260,026</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 other material events subsequent to the current financial quarter ended 31 December 2017 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 was no change 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 2017 RM'000
In respect of capital expenditure:	
Approved and contracted for	38,526
Approved but not contracted for	129,477
	<u>168,003</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 9.4% to RM576.4 million in the current quarter from RM636.4 million recorded in the corresponding quarter last year. This decrease was mainly attributable to lower sales contribution from the Cement segment caused by the soft market demand, increased industry capacity and continued pricing pressures.

On the back of this revenue decrease, the Group has recorded a loss before tax for the current quarter of RM102.8 million compared to a profit before tax of RM3.7 million for the same period last year. Lower operating profits from the Cement segment is due to weak demand coupled with a more competitive environment. The situation was further exacerbated by the increase in operating costs mainly from higher fuel cost and higher one-off separation cost.

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

For the 12 months ended 31 December 2017, the Group registered a drop in revenue by 11.9% from RM2,552.2 million recorded in the same period last year to RM2,248.8 million this year. This was mainly due to weak market conditions and the competitive environment that have adversely affected the Group's sales revenue from the Cement segment. Higher sales contribution from the Concrete segment partially mitigated the Group's revenue decrease.

The Group recorded a loss before tax of RM279.0 million compared to a profit before tax in the corresponding period last year of RM74.3 million. This decrease in profitability was mainly attributable to the Cement segment's lower revenue contribution, higher fuel cost, higher depreciation of property, plant and equipment and higher one-off separation cost.

B2. Comparison with Preceding Quarter

	4th Quarter Ended 31 December 2017 RM'000	3rd Quarter Ended 30 September 2017 RM'000
Revenue	576,355	578,851
Loss before tax	<u>(102,821)</u>	<u>(54,833)</u>

The Group's revenue at current quarter was slightly lower than last quarter mainly due to the continued pricing pressure in cement segment.

The Group has recorded a loss before tax of RM102.8 million compared to RM54.8 million in preceding quarter mainly attributed to the lower margin from cement segment due to the competitive environment coupled with the higher operating cost and higher one-off separation cost.

B3. Prospects

In view of the challenging environment, the Group will focus further on cost reduction through plant modernization and operational efficiency. It will also continue its efforts of differentiation on product offerings, services and route to market through application-based offers. It will take advantage of the good momentum in infrastructure projects. The Group is determined to strengthen its leading position in the Malaysian market.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 December 2017.

B5. Income Tax Credit

Income tax credit comprises the following:

	4th Quarter Ended 31 December 2017 RM'000	Year To Date Ended 31 December 2017 RM'000
In respect of current year:		
- income tax	(8,198)	(19,281)
- deferred tax	29,236	79,872
In respect of prior year:		
- income tax	753	2,485
- deferred tax	1,668	2,376
Total tax credit	<u>23,459</u>	<u>65,452</u>

The Group's effective tax rate for the current quarter is close to the statutory tax rate of 24% in Malaysia.

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 2017 RM'000	As at 31 December 2016 RM'000
<u>Short-term borrowings</u>		
Non-secured		
Medium Term Note	100,000	280,000
Revolving credit	105,000	54,000
Term loan (current)	-	7,000
Bank overdraft	-	6,470
	<hr/> 205,000	<hr/> 347,470
 <u>Long-term borrowings</u>		
Non-secured		
Medium Term Note (non-current)	279,387	-
Total Group borrowings	<hr/> 484,387	<hr/> 347,470

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 is at the pre trial stage. The hearing of appeals relating to the interim application have been fixed for 3 and 11 September 2018.

B9. Dividend

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

B10. (Loss)/profit for the period

	4th Quarter Ended		Year to Date Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
(Loss)/profit for the period is arrived after charging:				
Allowance for inventory obsolescence	1,570	1,247	1,044	2,806
Amortisation of:				
- other intangible assets	851	693	2,857	2,586
- prepaid lease payments on leasehold land	1,202	1,386	4,772	5,577
Depreciation of:				
- investment property	1	2	4	4
- property, plant and equipment	49,212	51,127	201,672	187,702
Derivative loss	4,279	891	3,744	-
Impairment loss recognised on trade receivables	176	4,059	2,222	4,780
Loss on disposal of:				
- property, plant and equipment	-	1,486	-	2,478
- investment property	121	-	-	-
- unquoted investments	-	-	10	-
- subsidiary	-	8,255	-	8,255
Property, plant and equipment written off	5,324	5,429	8,202	6,703
Provision for retirement benefits	-	2,395	3,754	9,347
Realised loss on foreign exchange	239	454	-	-
Unrealised loss on foreign exchange	5,096	-	5,256	-
and after crediting:				
Derivative gain	-	235	-	87
Gain on disposal of:				
- property, plant and equipment	90	-	5,837	-
- prepaid lease payment	-	-	8,984	-
Reversal of impairment loss on trade receivables	2,066	2,016	3,613	2,016
Reversal of provision for retirement benefits	4,416	-	-	-
Realised gain on foreign exchange	-	-	7,833	4,727
Unrealised gain on foreign exchange	-	1,812	-	426

B11. Comparatives

Certain comparative figures have been reclassified to conform with the current year's presentation.

	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
As at 31 December 2016			
Consolidated Statement of Financial Position			
<u>Current asset</u>			
Trade receivables	373,967	67,814	441,781
<u>Current liability</u>			
Other payables and accrued expenses	111,294	67,814	179,108

B12. (Loss)/earnings per share

(Loss)/earnings per share are calculated as follows:

	<u>4th Quarter Ended</u>		<u>Year to Date Ended</u>	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
(Loss)/profit attributable to equity holders of the Company (RM'000)	(80,124)	33,938	(215,160)	76,673
Weighted average number of ordinary shares in issue ('000)	849,695	849,695	849,695	849,695
Basic and diluted (loss)/earnings per share (sen)	(9.4)	4.0	(25.3)	9.0

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

Dated: 23 February 2018
Petaling Jaya, Selangor Darul Ehsan.