

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

	2 <sup>nd</sup> Quarter Ended		Year to Date Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<b>Revenue</b>	<b>658,804</b>	<b>665,548</b>	<b>1,328,584</b>	<b>1,361,635</b>
Operating expenses	(563,618)	(551,289)	(1,143,472)	(1,112,304)
Depreciation and amortisation	(45,487)	(39,810)	(90,109)	(79,699)
Other income/(expenses)	(8,604)	11,380	(18,801)	13,543
Investment income	2,017	1,894	3,931	3,847
Interest income	34	1,484	586	3,396
<b>Profit from operations</b>	<b>43,146</b>	<b>89,207</b>	<b>80,719</b>	<b>190,418</b>
Finance cost	(4,172)	(36)	(7,639)	(36)
Share in results of associate	(4,401)	(3,424)	(7,757)	(5,280)
<b>Profit before tax</b>	<b>34,573</b>	<b>85,747</b>	<b>65,323</b>	<b>185,102</b>
Income tax expense	(15,946)	(22,417)	(25,873)	(47,838)
<b>Profit for the period</b>	<b>18,627</b>	<b>63,330</b>	<b>39,450</b>	<b>137,264</b>
<b>Other comprehensive income/(loss),</b>				
<b>Items that may be reclassified</b>				
<b>subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operation	(1,908)	(4,639)	208	(5,872)
Net change in cash flow hedges	2,033	(247)	(798)	601
<b>Total other comprehensive (loss)/income for the period, net of tax</b>	<b>125</b>	<b>(4,886)</b>	<b>(590)</b>	<b>(5,271)</b>
<b>Total comprehensive income for the period</b>	<b>18,752</b>	<b>58,444</b>	<b>38,860</b>	<b>131,993</b>
<b>Profit attributable to:</b>				
Owners of the Company	18,355	63,319	39,008	137,011
Non-controlling interests	272	11	442	253
	<b>18,627</b>	<b>63,330</b>	<b>39,450</b>	<b>137,264</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	18,480	58,433	38,418	131,740
Non-controlling interests	272	11	442	253
	<b>18,752</b>	<b>58,444</b>	<b>38,860</b>	<b>131,993</b>
Basic and diluted earnings per share (sen)	2.2	7.5	4.6	16.1

*(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> 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**

Note	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
<b>ASSETS</b>		
<u>Non-current assets</u>		
Property, plant and equipment	1,649,711	1,659,851
Investment property	3,142	3,143
Prepaid lease payments on leasehold land	94,382	97,022
Goodwill on consolidation	1,407,589	1,407,589
Other intangible assets	38,225	39,643
Investment in associate	25,850	34,298
Other financial assets	2,171	2,171
Deferred tax assets	5,242	5,755
	<u>3,226,312</u>	<u>3,249,472</u>
<u>Current assets</u>		
Inventories	297,714	290,411
Current tax assets	32,218	13,857
Trade receivables	455,185	432,772
Other receivables and prepaid expenses	34,906	39,075
Amounts owing by holding and other related companies	8,876	20,902
Derivative financial assets	400	1,044
Cash and bank balances	188,271	311,395
	<u>1,017,570</u>	<u>1,109,456</u>
<b>Total assets</b>	<b>4,243,882</b>	<b>4,358,928</b>
<b>EQUITY AND LIABILITIES</b>		
<u>Share capital and reserves</u>		
Share capital	849,695	849,695
Reserves:		
Share premium	1,067,199	1,067,199
Exchange equalisation reserve	28,635	28,427
Capital redemption reserve	33,798	33,798
Investments revaluation reserve	36	36
Hedging reserve	(673)	125
Retained earnings	1,063,708	1,109,266
Equity attributable to owners of the Company	<u>3,042,398</u>	<u>3,088,546</u>
Non-controlling interests	4,426	5,225
Total equity	<u>3,046,824</u>	<u>3,093,771</u>

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

	Note	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
<u>Non-current liabilities</u>			
Borrowings	B7	3,500	7,000
Retirement benefits		68,290	68,533
Deferred tax liabilities		178,192	189,657
		<u>249,982</u>	<u>265,190</u>
<u>Current liabilities</u>			
Trade payables		427,670	443,825
Other payables and accrued expenses		67,802	99,867
Amounts owing to holding and other related companies		50,340	48,861
Borrowings	B7	372,973	334,100
Derivative financial liabilities		1,040	162
Current tax liabilities		1,760	5,176
Dividend payable		25,491	67,976
		<u>947,076</u>	<u>999,967</u>
Total liabilities		<u>1,197,058</u>	<u>1,265,157</u>
<b>Total equity and liabilities</b>		<b><u>4,243,882</u></b>	<b><u>4,358,928</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)			
		<u>3.58</u>	<u>3.63</u>
Net tangible assets per share attributable to ordinary equity holders of the Company (RM)			
		<u>1.88</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 31<sup>st</sup> 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**

	← Attributable to owners of the Company →						Distributable	Total	Non-controlling Interests	Total Equity
	← Non-distributable →									
	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	RM'000	RM'000	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
Profit for the period	-	-	-	-	-	-	39,008	39,008	442	39,450
Other comprehensive income/(loss) for the year, net of tax	-	-	-	208	-	(798)	-	(590)	-	(590)
Acquisition of additional interests in an existing subsidiary	-	-	-	-	-	-	404	404	(1,241)	(837)
Dividends	-	-	-	-	-	-	(84,970)	(84,970)	-	(84,970)
<b>As at 30 June 2016</b>	<b>849,695</b>	<b>1,067,199</b>	<b>33,798</b>	<b>28,635</b>	<b>36</b>	<b>(673)</b>	<b>1,063,708</b>	<b>3,042,398</b>	<b>4,426</b>	<b>3,046,824</b>
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 period	-	-	-	-	-	-	137,011	137,011	253	137,264
Other comprehensive income/(loss) for the period, net of tax	-	-	-	(5,872)	-	601	-	(5,271)	-	(5,271)
Dividends	-	-	-	-	-	-	(135,952)	(135,952)	-	(135,952)
<b>As at 30 June 2015</b>	<b>849,695</b>	<b>1,067,199</b>	<b>33,798</b>	<b>31,255</b>	<b>36</b>	<b>2,020</b>	<b>1,132,506</b>	<b>3,116,509</b>	<b>4,476</b>	<b>3,120,985</b>

*(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2015 and the accompanying explanatory notes attached to the interim financial statements)*

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

	<b>6 months Financial Period Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Cash Flows From Operating Activities</u>		
Profit before tax	65,323	185,102
Adjustments for:-		
Allowance for inventory obsolescence	89	1,945
Amortisation of:		
- other intangible assets	1,418	138
- prepaid lease payments on leasehold land	2,646	3,768
Depreciation of:		
- investment property	1	8
- property, plant and equipment	86,044	75,785
Derivative loss/(gain)	1,493	(861)
Finance cost	7,639	36
Impairment loss recognised on trade receivables	3,726	1,556
Interest income	(586)	(3,396)
Loss/(gain) on disposal of:		
- property, plant and equipment	2,486	(141)
- prepaid lease payments on leasehold lands	-	-
- investment property	-	(61)
Property, plant and equipment written off	846	496
Provision for retirement benefits	4,624	4,231
Reversal of impairment loss on investment property	-	-
Reversal of impairment loss on trade receivables	(677)	(1,769)
Unrealised (gain)/loss on foreign exchange	2,592	(7,182)
Share in results of associate	7,757	5,280
Operating profit before changes in working capital	185,421	264,935
(Increase) /Decrease in:		
Inventories	(7,534)	(8,886)
Receivables	(38,483)	(45,872)
Amounts owing by holding and other related companies	12,026	17,102
(Decrease)/Increase in:		
Payables	(11,354)	(41,362)
Amounts owing to holding and other related companies	1,797	(14,624)
Cash generated from operations	141,873	171,293
Retirement benefits paid	(4,867)	(824)
Tax paid	(59,223)	(48,759)
Net cash generated from operating activities	77,783	121,710

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

	<b>6 months Financial Period Ended</b>	
	<b>30 June 2016 RM'000</b>	<b>30 June 2015 RM'000</b>
<u>Cash Flows From Investing Activities</u>		
Additions to property, plant and equipment	(103,062)	(71,044)
Acquisition of additional interest in associate	-	(14,049)
Acquisitions of additional interests in an existing subsidiary	(837)	-
Interest received	586	3,396
Payment for prepaid lease payments		-
Proceeds from disposal of:		
- property, plant and equipment	2,327	233
- investment property	-	197
- investment	-	18
Net cash used in investing activities	<u>(100,986)</u>	<u>(81,249)</u>
<u>Cash Flows From Financing Activities</u>		
Dividends paid	(127,455)	(135,952)
Interest paid	(7,655)	(36)
Drawdown of borrowings	500	-
Repayment of borrowings	(11,100)	(11)
Net cash used in financing activities	<u>(145,710)</u>	<u>(135,999)</u>
Net Change in Cash and Cash Equivalents	(168,913)	(95,538)
Effects of currency translations	(184)	2,605
Cash and Cash Equivalents at beginning of the year	311,395	460,869
Cash and Cash Equivalents at end of the period	<u>142,298</u>	<u>367,936</u>
Cash and bank balances	188,271	272,063
Term deposits	-	95,873
Bank overdraft (Note B7)	(45,973)	-
	<u>142,298</u>	<u>367,936</u>

*(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> 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 10 and

MFRS 128

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 MFRS 127

Equity Method in Separate Financial Statements

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

Amendments to MFRS 15	Clarification to MFRS 15 Revenue from Contracts with Customers <sup>2</sup>
Amendments to MFRS 107	Disclosure Initiative <sup>1</sup>
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
MFRS 9	Financial Instruments <sup>2</sup>
MFRS 15	Revenue from Contracts with Customers <sup>2</sup>
MFRS 16	Leases <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

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. 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**

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.

**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:

6 Months Ended 30 June	Cement		Aggregates & Concrete		Elimination		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Segment revenue</b>								
External revenue	1,054,893	1,113,948	273,691	247,687	-	-	1,328,584	1,361,635
Internal revenue	157,601	167,843	5,630	1,211	(163,231)	(169,054)	-	-
	<u>1,212,494</u>	<u>1,281,791</u>	<u>279,321</u>	<u>248,898</u>	<u>(163,231)</u>	<u>(169,054)</u>	<u>1,328,584</u>	<u>1,361,635</u>
<b>Segment profit /(loss)</b>	<u>81,372</u>	<u>185,258</u>	<u>(1,239)</u>	<u>1,764</u>	<u>-</u>	<u>-</u>	<u>80,133</u>	<u>187,022</u>
Reconciliation of segment profit to consolidated profit before tax:								
Interest income							586	3,396
Finance cost							(7,639)	(36)
Share in results of associate							(7,757)	(5,280)
Consolidated profit before tax							<u>65,323</u>	<u>185,102</u>
<b>Segment assets</b>	<u>4,028,849</u>	<u>3,584,497</u>	<u>305,696</u>	<u>261,598</u>	<u>(344,415)</u>	<u>(302,807)</u>	<u>3,990,130</u>	<u>3,543,288</u>
Reconciliation of segment assets to consolidated total assets:								
Investment in associate							25,850	30,653
Unallocated corporate assets							227,902	392,017
Consolidated total assets							<u>4,243,882</u>	<u>3,965,958</u>
<b>Segment liabilities</b>	<u>748,902</u>	<u>752,685</u>	<u>235,485</u>	<u>211,382</u>	<u>(343,754)</u>	<u>(304,816)</u>	<u>640,633</u>	<u>659,251</u>
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							376,473	-
Unallocated corporate liabilities							179,952	185,722
Consolidated total liabilities							<u>1,197,058</u>	<u>844,973</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 June 2016 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**

During the fourth quarter period ended 31 December 2015, the Group completed its acquisition of a 100% equity stake each on Holcim (Malaysia) Sdn Bhd and its subsidiaries comprising of Holcim Marketing (Malaysia) Sdn Bhd, ISB Kuari Kota Tinggi Sdn Bhd and a 70% equity stake in Geocycle Malaysia Sdn Bhd for a total cash consideration of RM325,545,000 (equivalent to USD74,418,790.72).

In the previous quarter, the Group completed its acquisition on the remaining 30% equity interests not already owned by the Group in Geocycle Malaysia Sdn Bhd, a subsidiary of the Group, for a net cash consideration of RM837,000.

#### **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:

	<b>As at 30 June 2016 RM'000</b>
In respect of capital expenditure:	
Approved and contracted for	63,930
Approved but not contracted for	22,812
	<hr/>
	<b>86,742</b>

## 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.	Penultimate 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 Holcim Ltd
Cementia Asia Sdn Bhd	Subsidiary of Lafarge Holcim Ltd
Coprocem Services Malaysia Sdn Bhd	Subsidiary of Lafarge Holcim Ltd
Lafarge Asia Sdn Bhd	Subsidiary of Lafarge Holcim Ltd
Marine Cement Ltd	Subsidiary of Lafarge Holcim Ltd
Lafarge Energy Solutions SAS	Subsidiary of Lafarge Holcim Ltd
Thalamar Shipping AG	Subsidiary of Lafarge Holcim Ltd
Holcim Trading Pte Ltd	Subsidiary of Lafarge Holcim Ltd
Holcim Group Support Ltd	Subsidiary of Lafarge Holcim Ltd
Holcim Technology & Services Ltd	Subsidiary of Lafarge Holcim Ltd
Holcim East Asia Business Service Centre B.V.	Subsidiary of Lafarge Holcim Ltd
Holcim (Singapore) Pte Ltd	Subsidiary of Lafarge Holcim Ltd
Holcim Services (Asia) Ltd	Subsidiary of Lafarge Holcim Ltd
Holcim (Australia) Pte Ltd	Subsidiary of Lafarge Holcim Ltd

The related party transactions for financial quarter ended 30 June 2016 are as follows:

Description of Transactions	RM'000
Penultimate holding company of the Company:	
Provision of trademark licence and general assistance fee	14,782
Specific technical assistance	660
Associate of the Group:	
Sales and/or purchase of cement and aggregates	33,613
Batching income	782
Management service fee	133
Subsidiaries of ultimate holding company of the Company:	
Sale and/or purchase of cement and clinker	82,528
Maintenance of hardware and software	4,499
Service fee for sourcing alternative fuel and raw materials	927
Rental income of office premises	288
Chartering of vessels	13,395
Industrial franchising fees	3,541
Administrative and supporting service fee	555
Service fees for sourcing solid fuels	783
Purchase of copper slag	149

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 vs. Corresponding Quarter of Previous Year.**

The Group's revenue fell marginally by 1% to RM658.8 million during the current quarter from RM665.5 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 which were 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 by 59.7% from RM85.7 million recorded in the corresponding quarter of last year to RM34.6 million. This decrease was mainly attributable to the lower operating profits from cement segment due to weak market, one-off income on insurance claims in Q2 2015, one-off Holcim integration costs, lower interest income and 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.

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

The Group registered a drop in revenue by 2.4 % to RM1,328.6 million for the half year ended 30 June 2016 against corresponding period last year of RM1,361.6 million. This decrease was mainly attributable to the lower sales revenue from cement segment affected by weak market conditions, partially mitigated by the higher sales contribution from concrete segment.

The Group's profit before tax weaken by 64.7% to RM65.3 million as compared to the corresponding period last year of RM185.1 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, lower foreign exchange gain, lower interest income and higher finance costs due to new borrowings raised late last year to fund the acquisition of Holcim Malaysia.

The Group's share of loss of RM7.8 million from its associated company for the half year ended 30 June 2016 versus a RM5.3 million loss in the corresponding period last year, due to keen competition, also contributed to the lower profit for the current period.

### **B2. Comparison with Preceding Quarter**

	<b>2<sup>nd</sup> Quarter Ended 30 June 2016 RM'000</b>	<b>1<sup>st</sup> Quarter Ended 31 March 2016 RM'000</b>
Revenue	658,804	669,780
Profit before tax	<u>34,573</u>	<u>30,750</u>

The Group's profit before tax for the current quarter of RM34.6 million was 12.4% higher than the preceding quarter despite registering lower revenue from cement segment. This was mainly attributable to the better financial performance from its aggregate and concrete segments but offset by the weaker performance in Cement segment.

### B3. Prospects

Whilst the outlook for the construction sector remains positive in the mid-term with continued progress in key infrastructure projects as well as on-going commercial and residential developments, the Group is perceiving signs of a slowdown in residential developments. Stiff competition and pricing pressures continue to pose a challenge for the cement industry.

Nevertheless, the Group will continue its efforts on differentiation, and in developing solutions and offers to meet customers' needs in the building and infrastructure segments. At the same time, there will be continued focus on enhancing efficiency of its overall operations.

### B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 June 2016.

### B5. Income Tax Expense

Income tax expense comprises the following:

	<b>2<sup>nd</sup> Quarter Ended 30 June 2016 RM'000</b>	<b>Year To Date Ended 30 June 2016 RM'000</b>
In respect of current year:		
- income tax	27,336	37,426
- deferred tax	(12,456)	(10,841)
In respect of prior year:		
- income tax	(415)	35
- deferred tax	1,481	(747)
Total tax expense	<u>15,946</u>	<u>25,873</u>

The Group's effective tax rate for the current quarter is above the statutory tax rate of 24% in Malaysia mainly due to non-tax deductible expenses in certain subsidiaries.

### 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 30 June 2016 RM'000	As at 31 December 2015 RM'000
<u>Short-term borrowings</u>		
<b>Non-secured</b>		
Bankers' acceptance	-	7,600
Medium Term Note	280,000	280,000
Revolving credit	40,000	39,500
Term loan (current)	7,000	7,000
Bank overdraft	45,973	-
	<hr/> 372,973	<hr/> 334,100
 <u>Long-term borrowings</u>		
<b>Non-secured</b>		
Term loan (non-current)	3,500	7,000
	<hr/>	<hr/>
Total Group borrowings	<hr/> 376,473	<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 has declared a second interim single tier dividend of 2.0 sen (2015: 8 sen) per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2016 which will be paid on 27 October 2016. The entitlement date for the dividend payment is on 29 September 2016.

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 29 September 2016 in respect of transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

**B10. Profit for the Period/Year**

	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Year to Date Ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period is arrived after charging:</b>				
Allowance for inventory obsolescence	-	690	89	1,945
Amortisation of:				
- other intangible assets	1,257	69	1,418	138
- prepaid lease payments on leasehold land	1,335	1,883	2,646	3,768
Depreciation of:				
- investment property	-	1	1	8
- property, plant and equipment	42,895	37,857	86,044	75,785
Derivative loss	-	-	1,493	-
Loss on disposal of property, plant and equipment	2,562	7	2,486	-
Impairment loss recognised on trade receivables	2,742	332	3,726	1,556
Property, plant and equipment written off	22	322	846	496
Provision for retirement benefits	2,281	2,113	4,624	4,231
Realised loss on foreign exchange	-	2,745	-	2,355
Unrealised loss on foreign exchange	-	-	2,592	-
<b>and after crediting:</b>				
Derivative gain	2,465	1,276	-	861
Gain on disposal of:				
- property, plant and equipment	-	-	-	141
- investment property	-	-	-	61
Reversal of impairment loss on trade receivables	355	1,064	677	1,769
Reversal of allowance for inventory obsolescence	601	-	-	-
Realised gain on foreign exchange	5,487	-	4,157	-
Unrealised gain on foreign exchange	2,431	4,158	-	7,182

## B11. Earnings per share

Earnings per share are calculated as follows:

	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
Profit attributable to equity holders of the Company (RM'000)	18,355	63,319	39,008	137,011
Weighted average number of ordinary shares in issue ('000)	849,695	849,695	849,695	849,695
<b>Basic and diluted earnings per share (sen)</b>	<b>2.2</b>	<b>7.5</b>	<b>4.6</b>	<b>16.1</b>

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 30 June 2016, into realised and unrealised profits, is as follows:

	<b>As at 30 June 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>
Total retained earnings of the Group:		
- realised	1,365,456	1,401,158
- unrealised	2,424	10,638
	<hr/> 1,367,880	<hr/> 1,411,796
Total share of retained earnings from associate:		
- realised	17,383	25,140
	<hr/> 1,385,263	<hr/> 1,436,936
Less: Consolidation adjustments	(321,555)	(327,670)
Total retained earnings as per statement of financial position	<hr/> 1,063,708	<hr/> 1,109,266

Dated: 30 August 2016  
Petaling Jaya, Selangor Darul Ehsan.