**LAFARGE MALAYSIA BERHAD**
(Company No. 1877-T)
(Incorporated in Malaysia)

# ERRATA TO ANNUAL REPORT 2016 - FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

With reference to our Annual Report dated 25 April 2017, please be informed that the following parts of the Financial Statements are by this Errata amended, corrected and taken to read as shown herein instead of as printed in the Annual Report.

## FINANCIAL STATEMENTS

### 1. Page 61 - Directors

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the **date of this report are:**

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar
Tan Sri A. Razak bin Ramli
Lim Yoke Tuan
Thierry Marie Robert Legrand
Bi Yong So Chungunco
YM Tunku Afwida Binti Tunku A.Malek
Martin Kriegner (appointed on 26 August 2016)
Daniel Nikolaus Bach (appointed on 26 August 2016)
Tan Sri Dr Rebecca Fatima Sta Maria (appointed on 29 November 2016)
Jean Desazars de Montgailhard (appointed on 29 November 2016)
Datuk Muhamad Noor bin Hamid (appointed on 21 February 2017)
Md Yusof bin Hussin (resigned on 1 January 2016)
Jean-Claude Bernard Block (resigned on 13 January 2016)
Ian Stuart Thackwray (resigned on 26 August 2016)
Sapna Rani Sood (resigned on 29 November 2016)

The Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Ghazali bin Yacob
Kelvin Low Teck Swee
Yeap Khoon Cheun
Tadashi Matsunami
Liew Chee Yin
Lim Swat Hah
Loh Siew Yee
Richard Enrico Pucci
Fumiaki Hasegawa (alternate Director to Tadashi Matsunami)
Rey Ausan Cervera (appointed on 24 October 2016)

LAFARGE

A member of LafargeHolcim

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# ERRATA TO ANNUAL REPORT 2016 - FINANCIAL STATEMENTS
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### 2. Page 78 - Statements of Cash Flows for the year ended 31 December 2016

| | Note | Group 2016 RM'000 | Group 2015 RM'000 | Company 2016 RM'000 | Company 2015 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES** | | | | | |
| Profit before tax | | **74,281** | 346,906 | **83,416** | 236,577 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | | **187,702** | 154,129 | **–** | – |
| Provision for retirement benefits | | **9,347** | 8,768 | **142** | 130 |
| Allowance for inventory obsolescence | | **2,806** | 6,080 | **–** | – |
| Amortisation of prepaid lease payments on leasehold land | | **5,577** | 6,456 | **–** | – |
| Property, plant and equipment written off | | **6,703** | 1,314 | **–** | – |
| Finance costs | | **19,621** | 2,206 | **12,324** | 1,611 |
| Impairment loss recognised on trade receivables | | **4,780** | 1,669 | **–** | – |
| Amortisation of intangible assets | | **2,586** | 719 | **–** | – |
| Depreciation of investment property | | **4** | 9 | **–** | – |
| Interest income | | **(4,860)** | (4,935) | **(59)** | (154) |
| **Unrealised loss/(gain) on foreign exchange** | | **(426)** | (22,706) | **(3,043)** | (21,082) |
| Share of results of joint venture | | **8,956** | 6,107 | **–** | – |
| Reversal of impairment loss on: | | | | | |
| - investment property | | **–** | (186) | **–** | – |
| - trade receivables | | **(2,016)** | (2,850) | **–** | – |
| Dividend income | | **(189)** | (162) | **(102,000)** | (232,663) |
| Reversal of allowance for inventory obsolescence | | **(3,236)** | (6,771) | **–** | – |
| Net unrealised (gain)/loss arising on: | | | | | |
| - hedge ineffectiveness on cash flow hedges | | **(30)** | (42) | **–** | – |
| - financial assets designated as at fair value through profit or loss | | **(31)** | (4) | **–** | – |
| - financial liabilities classified as held for trading | | **(26)** | 25 | **–** | – |
| Loss/(gain) on disposal of: | | | | | |
| - property, plant and equipment | | **2,478** | (1,942) | **–** | – |
| - investment properties | | **–** | 129 | **–** | – |
| - quoted investment | | **–** | (18) | **–** | – |
| Gain on bargain purchase arising from acquisition of subsidiary | | **(602)** | – | **–** | – |
| Loss on disposal of a subsidiary | | **8,255** | – | **–** | – |
| **Operating Profit/(Loss) Before Working Capital Changes** | | **321,680** | 494,901 | **(9,220)** | (15,581) |
| (Increase)/decrease in: | | | | | |
| Inventories | | **(2,014)** | 8,898 | **–** | – |
| Receivables | | **41,291** | (3,526) | **152** | (154) |
| Amounts owing by holding and other related companies | | **5,054** | (6,961) | **2,776** | – |
| **Amounts owing by subsidiaries** | | **–** | – | **114,240** | 1,169 |
| Increase/(decrease) in: | | | | | |
| Payables | | **43,935** | (31,211) | **(1,839)** | 4,012 |
| Amounts owing to holding and other related companies | | **(25,582)** | 12,315 | **(1,075)** | – |
| Amounts owing to subsidiaries | | **–** | – | **(75,867)** | 77,606 |

(Forward)

# ERRATA TO ANNUAL REPORT 2016 - FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 3. Page 80 – 1. General Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 16.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

The Company is a subsidiary of Associated International Cement Limited ("AIC"), a company incorporated in the United Kingdom. The Directors regard AIC and LafargeHolcim Ltd., a public-listed company incorporated in Switzerland as the immediate holding company and ultimate holding company, respectively.

The Company's registered office and principal place of business are located at Level 12, Bangunan TH Uptown 3, No. 3, Jalan SS21/39, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on **28 March 2017**.

## 4. Page 82 - Significant Accounting Policies

### 3.1 Basis of Accounting

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transaction that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in **Note 35.5**.

The principal accounting policies are set out below.

# ERRATA TO ANNUAL REPORT 2016 - FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 5. Page 87 - Significant Accounting Policies - continued

**3.10 Foreign Currencies**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (see **3.22.2** below for hedging accounting policies).

## 6. Page 94 - Significant Accounting Policies - continued

**3.20 Financial Instruments (Cont'd)**

3.20.2 Financial Assets at FVTPL (Cont'd)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in **Note 35.5**.

# ERRATA TO ANNUAL REPORT 2016 - FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**3.20 Financial Instruments (Cont'd)**

3.20.4 AFS Financial Assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Fair value is determined in the manner described in **Note 35.5**. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

## 7. Page 97 - Significant Accounting Policies - continued

**3.21 Financial Liabilities and Equity Instruments Issued by the Group and the Company (Cont'd)**

3.21.4 Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in **Note 35.5**.

## 8. Page 125 - Deferred Tax Assets/(Liabilities) - continued

Deferred Tax Liabilities

| | Group | |
|---|---|---|
| | **2016** | **2015** |
| | **RM'000** | **RM'000** |
| At beginning of year | **(188,546)** | (193,365) |
| Recognised in profit or loss | **34,870** | 18,197 |
| Recognised in other comprehensive income | **1,138** | 261 |
| Reclassified from equity to profit or loss | **14** | 230 |
| Reclassed (to)/from deferred tax assets | **(5,082)** | 183 |
| Arising from acquisition of subsidiaries (Note 16.3) | **–** | (14,052) |
| Arising from disposal of subsidiaries (Note 16.1) | **4,645** | – |
| Exchange difference on foreign operations | **(15)** | – |
| At end of year | **(152,976)** | (188,546) |

As mentioned in **Note 3.13**, the tax effects of unused tax losses, unused capital allowances and deductible temporary differences which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses, unused capital allowances and deductible temporary differences can be utilised. As at 31 December 2016, the amount of unused tax losses, unused capital allowances and deductible temporary differences of certain subsidiaries for which deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

| | Group | |
|---|---|---|
| | **2016** | **2015** |
| | **RM'000** | **RM'000** |
| Unused tax losses | **69,077** | 74,489 |
| Unused capital allowances | **19,774** | 20,094 |
| Deductible temporary differences | **6,617** | 7,825 |
| | **95,468** | 102,408 |

The unused tax losses and unused capital allowances, which are subject to the agreement by the tax authorities, are available for offset against future chargeable income of the respective subsidiaries.

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### 9. Page 126 - Deferred Tax Assets/(Liabilities) - continued

| Group | Property, plant and equipment RM'000 | Receivables RM'000 | Inventories RM'000 | Payables and reserves RM'000 | Unused tax losses RM'000 | Unused capital allowances RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Deferred Tax Liabilities** | | | | | | | |
| As at 1 January 2015 | (216,984) | 130 | 5,816 | 17,264 | 288 | 121 | (193,365) |
| Recognised in profit or loss | 17,210 | (24) | (287) | 659 | 527 | 112 | 18,197 |
| Recognised in other comprehensive income | – | – | – | 261 | – | – | 261 |
| Reclassified from equity to profit or loss | – | – | – | 230 | – | – | 230 |
| Reclassed to deferred tax asset | 183 | – | – | – | – | – | 183 |
| Arising from acquisition of subsidiaries (**Note 16.3**) | (10,275) | 126 | 68 | (8,408) | 4,437 | – | (14,052) |
| As at 31 December 2015 | (209,866) | 232 | 5,597 | 10,006 | 5,252 | 233 | (188,546) |
| Recognised in profit or loss | **4,392** | **(126)** | **(28)** | **(3,320)** | **32,450** | **1,502** | **34,870** |
| Recognised in other comprehensive income | **–** | **–** | **–** | **1,138** | **–** | **–** | **1,138** |
| Reclassified from equity to profit or loss | **–** | **–** | **–** | **14** | **–** | **–** | **14** |
| Reclassed to deferred tax asset | **(9,928)** | **–** | **–** | **10,730** | **(5,530)** | **(354)** | **(5,082)** |
| Exchange difference on foreign operations | **(15)** | **–** | **–** | **–** | **–** | **–** | **(15)** |
| **Arising from disposal of subsidiary (Note 16.1)** | **4,645** | **–** | **–** | **–** | **–** | **–** | **4,645** |
| As at 31 December 2016 | **(210,772)** | **106** | **5,569** | **18,568** | **32,172** | **1,381** | **(152,976)** |

All other information remains unchanged.

Please also be informed that the affected pages of the Financial Statements shall be replaced with new amended pages which shall be dispatched together with this Errata to all shareholders.

We sincerely apologise for the error and any inconvenience caused.

BY ORDER OF THE BOARD

Koh Poi San (L.S. No. 9701)
Katina Nurani Abd Rahim (L.S. No. 9652)
Company Secretaries
Date: 27 April 2017