

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1 st Quarter Ended		3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Revenue	644,198	602,771	644,198	602,771
Operating expenses	(518,837)	(495,151)	(518,837)	(495,151)
Depreciation and amortisation	(39,514)	(41,108)	(39,514)	(41,108)
Other (expenses)/ income	(1,012)	1,084	(1,012)	1,084
Investment income	2,115	1,972	2,115	1,972
Interest income	1,441	1,590	1,441	1,590
Profit from operations	88,391	71,158	88,391	71,158
Finance cost	(1,886)	(2,624)	(1,886)	(2,624)
Share in results of associate	609	328	609	328
Profit before tax	87,114	68,862	87,114	68,862
Income tax expense	(22,369)	(18,124)	(22,369)	(18,124)
Profit for the period	64,745	50,738	64,745	50,738
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(993)	(3,070)	(993)	(3,070)
Net change in cash flow hedges	268	202	268	202
Others	-	(111)	-	(111)
Total other comprehensive income/(loss) for the period, net of tax	(725)	(2,979)	(725)	(2,979)
Total comprehensive income for the period	64,020	47,759	64,020	47,759
Profit/(Loss) attributable to:				
Owners of the Company	64,818	51,962	64,818	51,962
Non-controlling interests	(73)	(1,224)	(73)	(1,224)
	64,745	50,738	64,745	50,738
Total comprehensive income/(loss) attributable to:				
Owners of the Company	64,096	48,980	64,096	48,980
Non-controlling interests	(76)	(1,221)	(76)	(1,221)
	64,020	47,759	64,020	47,759
Basic and diluted earnings per share (sen)	7.6	6.1	7.6	6.1

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31st December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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

	As at 31 March 2012 RM'000	As at 31 December 2011 RM'000	As at 1 January 2011 RM'000
Note			
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	1,642,918	1,673,062	1,763,888
Investment property	3,559	3,568	3,777
Prepaid lease payments on leasehold land	117,111	118,827	124,649
Goodwill on consolidation	1,205,889	1,205,889	1,205,889
Other intangible assets	3,780	3,882	4,179
Investment in associate	16,475	16,488	9,601
Other financial assets	1,815	1,936	2,111
Deferred tax assets	2,862	2,444	1,205
	<u>2,994,409</u>	<u>3,026,096</u>	<u>3,115,299</u>
<u>Current assets</u>			
Inventories	261,563	271,524	261,133
Current tax assets	21,081	21,345	20,884
Trade receivables	384,034	320,705	275,814
Other receivables and prepaid expenses	34,236	35,784	36,234
Amounts owing by holding and other related companies	23,838	23,268	23,517
Derivative financial assets	B9 320	49	26
Term deposits	120,378	93,248	128,909
Fixed income trust fund	28,095	27,885	30,083
Cash and bank balances	159,787	231,171	213,715
	<u>1,033,332</u>	<u>1,024,979</u>	<u>990,315</u>
Assets classified as held for sale	-	-	18,748
	<u>1,033,332</u>	<u>1,024,979</u>	<u>1,009,063</u>
Total assets	<u>4,027,741</u>	<u>4,051,075</u>	<u>4,124,362</u>
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Share capital	849,695	849,695	849,695
Reserves:			
Share premium	1,067,199	1,067,199	1,067,199
Exchange equalisation reserve	38,726	39,716	41,164
Capital redemption reserve	33,798	33,798	33,798
Investments revaluation reserve	36	36	-
Hedging reserve	26	(242)	(430)
Retained earnings	1,100,528	1,118,127	1,093,587
Equity attributable to owners of the Company	<u>3,090,008</u>	<u>3,108,329</u>	<u>3,085,013</u>
Non-controlling interests	3,900	16,745	16,754
Total equity	<u>3,093,908</u>	<u>3,125,074</u>	<u>3,101,767</u>

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

	Note	As at 31 March 2012 RM'000	As at 31 December 2011 RM'000	As at 1 January 2011 RM'000
<u>Non-current liabilities</u>				
Borrowings	B8	1,408	1,707	107,949
Retirement benefits		52,940	51,280	40,920
Deferred tax liabilities		257,044	260,342	283,076
		<u>311,392</u>	<u>313,329</u>	<u>431,945</u>
<u>Current liabilities</u>				
Trade payables		323,498	318,901	293,075
Other payables and accrued expenses		73,673	82,525	96,670
Amounts owing to holding and other related companies		20,836	12,997	12,422
Borrowings	B8	106,174	106,242	107,826
Derivative financial liabilities	B9	96	612	998
Tax liabilities		13,194	23,419	11,683
Dividend payable		84,970	67,976	67,976
		<u>622,441</u>	<u>612,672</u>	<u>590,650</u>
Total liabilities		<u>933,833</u>	<u>926,001</u>	<u>1,022,595</u>
Total equity and liabilities		<u>4,027,741</u>	<u>4,051,075</u>	<u>4,124,362</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>3.64</u>	<u>3.66</u>	<u>3.63</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 2011 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →							Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	← Non-distributable →				Distributable					
	Share Capital RM'000	Share Premium RM'000	Exchange Equalisation Reserve RM'000	Capital Redemption Reserve RM'000	Investment Revaluation Reserve RM'000	Hedging Reserve RM'000	Retained Earnings RM'000			
As of 1 January 2012	849,695	1,067,199	39,716	33,798	36	(242)	1,118,127	3,108,329	16,745	3,125,074
Total comprehensive income/(loss) for the year	-	-	(990)	-	-	268	64,818	64,096	(76)	64,020
Dividends	-	-	-	-	-	-	(84,970)	(84,970)	-	(84,970)
Changes in ownership with no loss of control	-	-	-	-	-	-	2,553	2,553	(12,769)	(10,216)
As of 31 March 2012	<u>849,695</u>	<u>1,067,199</u>	<u>38,726</u>	<u>33,798</u>	<u>36</u>	<u>26</u>	<u>1,100,528</u>	<u>3,090,008</u>	<u>3,900</u>	<u>3,093,908</u>
As of 1 January 2011	849,695	1,067,199	41,164	33,798	-	(430)	1,093,587	3,085,013	16,754	3,101,767
Total comprehensive income/(loss) for the period	-	-	(3,073)	-	-	202	51,851	48,980	(1,221)	47,759
Dividends	-	-	-	-	-	-	(84,970)	(84,970)	-	(84,970)
As of 31 March 2011	<u>849,695</u>	<u>1,067,199</u>	<u>38,091</u>	<u>33,798</u>	<u>-</u>	<u>(228)</u>	<u>1,060,468</u>	<u>3,049,023</u>	<u>15,533</u>	<u>3,064,556</u>

(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 2011 and the accompanying explanatory notes attached to the interim financial statements)

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

	Financial Period Ended	
	31 March 2012 RM'000	31 March 2011 RM'000
<u>Cash Flows From Operating Activities</u>		
Profit before tax	87,114	68,862
Adjustments for:-		
Allowance for inventories obsolescence	1,619	3,225
Amortisation of:		
- other intangible assets	102	74
- prepaid lease payments on leasehold land	1,716	1,874
Depreciation of:		
- investment property	9	10
- property, plant and equipment	37,687	39,147
Derivative gain	(649)	(365)
Dividend income	(210)	(285)
Finance cost	1,886	2,624
(Gain)/loss on disposal of:		
- property, plant and equipment	(316)	(343)
- available-for-sale investments	37	-
Impairment loss recognised on trade receivables	121	-
Interest income	(1,441)	(1,590)
Property, plant and equipment written off	54	209
Provision for retirement benefits	2,025	1,661
Reversal of impairment loss on trade receivables	(101)	(259)
Unrealised gain on foreign exchange	(197)	(3,026)
Share in results of associate	(609)	(328)
Operating profit before changes in working capital	128,847	111,490
Decrease/(Increase) in:		
Inventories	8,368	(18,552)
Receivables	(61,855)	(41,528)
Amounts owing by holding and other related companies	(919)	(14,917)
Increase in:		
Payables	204	20,916
Amounts owing to holding and other related companies	6,502	2,924
Cash generated from operations	81,147	60,333
Retirement benefits paid	(365)	(369)
Tax paid	(35,927)	(25,520)
Net cash generated from operating activities	44,855	34,444

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

	Financial Period Ended	
	31 March 2012 RM'000	31 March 2011 RM'000
<u>Cash Flows From Investing Activities</u>		
Additions to property, plant and equipment	(10,763)	(17,489)
Dividend received	210	285
Interest received	1,441	1,590
Proceeds from disposal of:		
- property, plant and equipment	341	854
- available-for-sale investments	84	90
Acquisition of additional interest in a subsidiary	(10,216)	-
Net cash used in investing activities	<u>(18,903)</u>	<u>(14,760)</u>
<u>Cash Flows From Financing Activities</u>		
Dividends paid	(67,976)	(67,976)
Interest paid	(3,034)	(4,926)
Repayment of borrowings	(367)	(828)
Net cash used in financing activities	<u>(71,377)</u>	<u>(73,730)</u>
Net Change in Cash and Cash Equivalents	(45,425)	(54,046)
Effects of currency translations	1,381	(410)
Cash and Cash Equivalents at beginning of the year	<u>352,304</u>	<u>372,707</u>
Cash and Cash Equivalents at end of the period	<u>308,260</u>	<u>318,251</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 2011 and the accompanying explanatory notes attached to the interim financial statements)

**LAFARGE MALAYAN CEMENT 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 2011. The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standard (“FRS”). 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 2011.

These are the Group’s interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. An explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in Note A16 below.

A2. Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

Property, plant and equipment

In the previous years, the Group has availed itself to the transitional provision when the MASB first adopted IAS 16 Property, Plant and Equipment in 1998. Certain freehold land and buildings were revalued in 1993 primarily to cater for the bonus issue exercise and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM33,968,000 (31 December 2011: RM33,968,000; 1 January 2011: RM34,079,000) was reclassified to retained earnings.

	31 March 2012 RM’000	31 December 2011 RM’000	1 January 2011 RM’000
Consolidated statement of financial position			
Reclassification of revaluation reserve to retained earnings	33,968	33,968	34,079
Adjustment to retained earnings	33,968	33,968	34,079

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 period 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 2011 amounting to RM67.976 million was paid on 13 January 2012.

A fourth interim single tier dividend of 10.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2011 amounting to RM84.970 million was paid on 12 April 2012.

A9. Segmental Information

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and liabilities that relate to investing and financing activities and cannot be reasonably allocated to individual segments. These include mainly corporate assets, other investments, deferred tax assets/liabilities and current tax assets/liabilities.

The Group is organised into the following main operating segments:

Cement	Cement business and trading of other building materials
Aggregates & Concrete	Aggregates and ready-mixed concrete business

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

3 Months Ended	Cement		Aggregates & Concrete		Elimination		Total	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Segment revenue								
External revenue	542,368	516,760	101,830	86,011	-	-	644,198	602,771
Internal revenue	63,982	49,248	84	384	(64,066)	(49,632)	-	-
	<u>606,350</u>	<u>566,008</u>	<u>101,914</u>	<u>86,395</u>	<u>(64,066)</u>	<u>(49,632)</u>	<u>644,198</u>	<u>602,771</u>
Segment profit/(loss)	<u>86,105</u>	<u>71,574</u>	<u>845</u>	<u>(2,006)</u>	<u>-</u>	<u>-</u>	<u>86,950</u>	<u>69,568</u>
Reconciliation of segment profit to consolidated profit before tax:								
Interest income							1,441	1,590
Finance cost							(1,886)	(2,624)
Share in results of associate							609	328
Consolidated profit before tax							<u>87,114</u>	<u>68,862</u>
Segment assets	<u>3,685,751</u>	<u>3,757,940</u>	<u>242,559</u>	<u>210,921</u>	<u>(251,062)</u>	<u>(210,302)</u>	<u>3,677,248</u>	<u>3,758,559</u>
Reconciliation of segment assets to consolidated total assets:								
Investment in associate							16,475	9,975
Unallocated corporate assets							334,018	345,538
Consolidated total assets							<u>4,027,741</u>	<u>4,114,072</u>
Segment liabilities	<u>695,984</u>	<u>637,724</u>	<u>110,614</u>	<u>116,213</u>	<u>(250,653)</u>	<u>(210,015)</u>	<u>555,945</u>	<u>543,922</u>
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							107,650	215,028
Unallocated corporate liabilities							270,238	290,566
Consolidated total liabilities							<u>933,833</u>	<u>1,049,516</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 31 March 2012 up to the date of this report which are likely to substantially affect the results of the operations of the Group.

A12. Changes in Group Composition

There were no other changes in the composition for the Group in this quarter.

A13. Contingent Liabilities

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

A14. Commitments

Outstanding commitments in respect of capital commitments at end of reporting period not provided for in the financial statements are as follows:

	As at 31 March 2012 RM'000
In respect of capital expenditure:	
Approved and contracted for	4,771
Approved but not contracted for	18,113
	<hr/>
	22,884
	<hr/>

A15. Related Party Transactions

The related parties and their relationship with the Company and its subsidiaries are as follows:

Name of Related Parties	Relationship
Lafarge S.A.	Ultimate holding company of the Company
Associated International Cement Ltd	Immediate holding company of the Company
Alliance Concrete Singapore Pte Ltd	Associate of the Company
Cementia Trading AG	Subsidiary of Lafarge S.A.
Cement Shipping Company Ltd	Subsidiary of Lafarge S.A.
Cementia Asia Sdn Bhd	Subsidiary of Lafarge S.A.
Coprocem Services Malaysia Sdn Bhd	Subsidiary of Lafarge S.A.
Lafarge Asia Sdn Bhd	Subsidiary of Lafarge S.A.
Marine Cement Ltd	Subsidiary of Lafarge S.A.
PT Lafarge Cement Indonesia	Subsidiary of Lafarge S.A.

The related party transactions for financial period ended 31 March 2012 are as follows:

Description of Transactions	RM'000
Ultimate holding company of the Company:	
Provision of trademark licence and general assistance fee	8,587
Associate of the Group:	
Sales of cement and ready-mixed concrete	11,949
Batching income	276
Management service fee	56
Subsidiaries of ultimate holding company of the Company:	
Sale and/or purchase of cement and clinker	84,757
Service fee for sourcing alternative fuel and raw materials	1,343
Maintenance of hardware and software	647
Rental income of office premises	273
Administrative and supporting service fee	30

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.

A16. Explanation of transition to MFRSs

As stated in Note A1, these are the Group's first consolidated interim financial statements prepared in accordance with MFRSs.

In preparing the opening MFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSs. An explanation of how the transition from the previous FRSs to the new MFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompanying these tables.

Reconciliation of financial position

	FRSs	Effect of transition to MFRSs	MFRSs	FRSs	Effect of transition to MFRSs	MFRSs	FRSs	Effect of transition to MFRSs	MFRSs
	1 January 2011			31 December 2011			31 March 2012		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS									
<u>Non-current assets</u>									
Property, plant and equipment	1,763,888		1,763,888	1,673,062		1,673,062	1,642,918		1,642,918
Investment property	3,777		3,777	3,568		3,568	3,559		3,559
Prepaid lease payments on leasehold land	124,649		124,649	118,827		118,827	117,111		117,111
Goodwill on consolidation	1,205,889		1,205,889	1,205,889		1,205,889	1,205,889		1,205,889
Other intangible assets	4,179		4,179	3,882		3,882	3,780		3,780
Investment in associate	9,601		9,601	16,488		16,488	16,475		16,475
Other financial assets	2,111		2,111	1,936		1,936	1,815		1,815
Deferred tax assets	1,205		1,205	2,444		2,444	2,862		2,862
	<u>3,115,299</u>		<u>3,115,299</u>	<u>3,026,096</u>		<u>3,026,096</u>	<u>2,994,409</u>		<u>2,994,409</u>
<u>Current assets</u>									
Inventories	261,133		261,133	271,524		271,524	261,563		261,563
Current tax assets	20,884		20,884	21,345		21,345	21,081		21,081
Trade receivables	275,814		275,814	320,705		320,705	384,034		384,034
Other receivables and prepaid expenses	36,234		36,234	35,784		35,784	34,236		34,236
Amounts owing by holding and other related companies	23,517		23,517	23,268		23,268	23,838		23,838
Derivative financial assets	26		26	49		49	320		320
Term deposits	128,909		128,909	93,248		93,248	120,378		120,378
Fixed income trust fund	30,083		30,083	27,885		27,885	28,095		28,095
Cash and bank balances	213,715		213,715	231,171		231,171	159,787		159,787
	<u>990,315</u>		<u>990,315</u>	<u>1,024,979</u>		<u>1,024,979</u>	<u>1,033,332</u>		<u>1,033,332</u>
Assets classified as held for sale	18,748		18,748	-		-	-		-
	<u>1,009,063</u>		<u>1,009,063</u>	<u>1,024,979</u>		<u>1,024,979</u>	<u>1,033,332</u>		<u>1,033,332</u>
Total assets	<u>4,124,362</u>		<u>4,124,362</u>	<u>4,051,075</u>		<u>4,051,075</u>	<u>4,027,741</u>		<u>4,027,741</u>

	FRSs	Effect of transition to MFRSs	MFRSs	FRSs	Effect of transition to MFRSs	MFRSs	FRSs	Effect of transition to MFRSs	MFRSs
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	1 January 2011			31 December 2011			31 March 2012		
EQUITY AND LIABILITIES									
<u>Share capital and reserves</u>									
Share capital	849,695		849,695	849,695		849,695	849,695		849,695
Reserves:									
Share premium	1,067,199		1,067,199	1,067,199		1,067,199	1,067,199		1,067,199
Capital reserve	34,079	(34,079)	-	33,968	(33,968)	-	33,968	(33,968)	-
Exchange equalisation reserve	41,164		41,164	39,716		39,716	38,726		38,726
Capital redemption reserve	33,798		33,798	33,798		33,798	33,798		33,798
Investments revaluation reserve	-		-	36		36	36		36
Hedging reserve	(430)		(430)	(242)		(242)	26		26
Retained earnings	1,059,508	34,079	1,093,587	1,084,159	33,968	1,118,127	1,066,560	33,968	1,100,528
Equity attributable to owners of the Company	3,085,013		3,085,013	3,108,329		3,108,329	3,090,008		3,090,008
Non-controlling interests	16,754		16,754	16,745		16,745	3,900		3,900
Total equity	3,101,767		3,101,767	3,125,074		3,125,074	3,093,908		3,093,908
<u>Non-current liabilities</u>									
Borrowings	107,949		107,949	1,707		1,707	1,408		1,408
Retirement benefits	40,920		40,920	51,280		51,280	52,940		52,940
Deferred tax liabilities	283,076		283,076	260,342		260,342	257,044		257,044
	431,945		431,945	313,329		313,329	311,392		311,392
<u>Current liabilities</u>									
Trade payables	293,075		293,075	318,901		318,901	323,498		323,498
Other payables and accrued expenses	96,670		96,670	82,525		82,525	73,673		73,673
Amounts owing to holding and other related companies	12,422		12,422	12,997		12,997	20,836		20,836
Borrowings	107,826		107,826	106,242		106,242	106,174		106,174
Derivative financial liabilities	998		998	612		612	96		96
Tax liabilities	11,683		11,683	23,419		23,419	13,194		13,194
Dividend payable	67,976		67,976	67,976		67,976	84,970		84,970
	590,650		590,650	612,672		612,672	622,441		622,441
Total liabilities	1,022,595		1,022,595	926,001		926,001	933,833		933,833
Total equity and liabilities	4,124,362		4,124,362	4,051,075		4,051,075	4,027,741		4,027,741

Retained earnings

The changes which affected the retained earning are as follows:

	31 March 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Property, plant and equipment	<u>33,968</u>	<u>33,968</u>	<u>34,079</u>
Increase in retained earnings	<u><u>33,968</u></u>	<u><u>33,968</u></u>	<u><u>34,079</u></u>

Revaluation reserve

The changes which affected the revaluation reserve are as follows:

	31 March 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Property, plant and equipment	<u>33,968</u>	<u>33,968</u>	<u>34,079</u>
Decrease in revaluation reserve	<u><u>33,968</u></u>	<u><u>33,968</u></u>	<u><u>34,079</u></u>

Cash flows

There are no material differences between the statement of cash flow presented under MFRSs and the statement of cash flows presented under FRSs.

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

B1. Review of Group's Performance

Current Quarter

The Group recorded revenue of RM644 million for the current quarter, an increase of 7% over the corresponding quarter in 2011. This was mainly due to higher domestic sales volume of all the Group's products.

During the quarter, lower maintenance cost was incurred and this together with improved cement plant performance and increase in domestic sales volume for all our products, resulted in an overall profit before tax increase of 27% from RM 69 million to RM 87 million. However it should be mentioned that compared to same period last year, increased energy costs were experienced which were not fully recovered through net price increase.

B2. Comparison with Preceding Quarter

	1st Quarter Ended	4th Quarter Ended
	31 March	31 December
	2012	2011
	RM'000	RM'000
Revenue	644,198	656,851
Profit before tax	87,114	144,478

Revenue was lower in the current quarter compared to the preceding quarter principally due to reduced export volume. Profit before tax in the current quarter was lower by 40% as compared to the preceding quarter. This is due mainly to the timing of our plants scheduled maintenance shutdown to coincide with the festive season during the first quarter.

B3. Prospects

Due to the expected higher investments and infrastructure development projects that are largely attributed to the Economic Transformation Programme, we anticipate continued growth in the construction sector in 2012. At the same time, the Euro zone situation and other global events continue to place a level of uncertainty on the global economy.

The Board is however optimistic of achieving satisfactory results in 2012.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 March 2012.

B5. Income Tax Expense

Income tax expense comprises the following:

	1st Quarter Ended 31 March 2012 RM'000
In respect of current year:	
- income tax	(25,953)
- deferred tax	3,584
	<hr/> (22,369) <hr/>

The Group's effective tax rate for the current quarter is higher than the statutory tax rate of 25% in Malaysia mainly due to certain non tax-deductible expenses in certain subsidiaries.

It was announced on 7 April 2008 that, LMCB Holding Pte Ltd ("LMCBH"), a wholly owned subsidiary, received Notices of Additional Assessments from the Inland Revenue of Authority Singapore ("IRAS") in connection with the tax refunds received by LMCBH for Years of Assessment 2004 to 2006. LMCBH had recognised in its financial statements the tax refunds received arising from Section 44 tax credit amounting to RM21.276 million for the financial years ended 31 December 2003 to 2005 in connection with the dividends received by LMCBH following internal reorganisation of the Company's investments and corporate structure in Singapore announced on 30 July 2003. Also included in the Group's financial statements for the financial years ended 31 December 2006 and 2007 were tax refunds receivable amounting to RM17.275 million. Total tax refunds recognised for financial years ended 31 December 2003 to 2007 amounted to RM38.551 million. The IRAS via the Notice of Additional Assessment was seeking to recover the tax refunds previously received by LMCBH by assessing additional tax on LMCBH equivalent to the tax refunds. Based on professional advice received, the Company should not be liable to pay this additional tax as the notices of assessment are invalid and had therefore challenged the validity and basis of the Notices of Additional Assessment.

As previously announced on 14 November 2008, 18 February 2009, 27 August 2009, 19 November 2009, 25 February 2010, 26 May 2010, 25 August 2010, 29 November 2010, and 23 February 2011 LMCBH had appealed against the Notices of Additional Assessment to the Income Tax Board of Review of Singapore ("ITBRS"). The ITBRS had on 18 April 2011 dismissed LMCBH's appeal.

Based on professional legal advice that there are strong grounds of appeal, LMCBH has filed an appeal to the High Court against ITBRS' decision. The appeal was heard on 26th and 27th March 2012 and is now pending decision.

B6. Profit for the Period

	1 st Quarter Ended		3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Profit for the period is arrived after charging:				
Allowance for inventories obsolescence	1,619	3,225	1,619	3,225
Amortisation of:				
- other intangible assets	102	74	102	74
- prepaid lease payments on leasehold land	1,716	1,874	1,716	1,874
Depreciation of:				
- investment property	9	10	9	10
- property, plant and equipment	37,687	39,147	37,687	39,147
Impairment loss recognised on trade receivables	121	-	121	-
Loss on disposal of available-for-sale investments	37	-	37	-
Property, plant and equipment written off	54	209	54	209
Provision for retirement benefits	2,025	1,661	2,025	1,661
Realised loss on foreign exchange	1,370	-	1,370	-
and after crediting:				
Derivative gain	649	365	649	365
Gain on disposal of property, plant and equipment	316	343	316	343
Reversal of impairment loss on trade receivables	101	259	101	259
Realised gain on foreign exchange	-	2,352	-	2,352
Unrealised gain on foreign exchange	197	3,026	197	3,026

B7. Status of Corporate Proposals

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

B8. Group Borrowings

The Group borrowings as at 31 March 2012 are as follows:

	RM'000
<u>Long-term borrowings</u>	
Finance lease (secured)	1,408
<u>Short-term borrowings</u>	
Floating rate notes (unsecured)	105,000
Finance lease (secured)	1,174
	<u>106,174</u>
Total Group borrowings	<u>107,582</u>

All borrowings are denominated in Ringgit Malaysia.

B9. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 31 March 2012 measured at their fair values together with their corresponding contract/notional amounts classified by the remaining period of maturity are as follows:

Types of Derivatives	Contract/ Notional Values (RM'000)	Net Fair Value Assets (RM'000)	Maturity
Foreign exchange contracts	48,764	224	Less than 1 year

The Group derivative financial instruments are subject to market and credit risk, as follows:

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting items on and off the statement of financial position.

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain in a contract. As at 31 March 2012, the amount of credit risk in the Group measured in terms of the cost to replace the profitable contracts was RM14,911,000. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

There have been no changes since the end of the previous financial year in respect of the following:

- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts; and
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts.

B10. Fair Value Changes of Financial Liabilities

There was no gain/(loss) arising from fair value changes in financial liabilities in this reporting period.

B11. Material Litigation

There was no pending material litigation as at the date of this report.

B12. Dividend

The Directors has declared a first interim single tier dividend of 8.0 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2012 which will be paid on 18 July 2012. The entitlement date for the dividend payment is on 20 June 2012.

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 20 June 2012 in respect of transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

B13. Earnings per share

Earnings per share are calculated as follows:

	1st Quarter Ended	
	31 March 2012	31 March 2011
Profit attributable to equity holders of the Company (RM'000)	64,818	51,962
Weighted average number of ordinary shares in issue ('000)	849,695	849,695
Basic and diluted earnings per shares (sen)	7.6	6.1

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

B14. Disclosure of Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 31 March 2012, into realised and unrealised profits, is as follows:

	As at 31 March 2012 RM'000	As at 31 December 2011 RM'000
Total retained profits of the Group:		
- realised	1,409,780	1,434,130
- unrealised	(144,280)	(146,753)
	<hr/> 1,265,500	<hr/> 1,287,377
Total retained profits from associate:		
- realised	24,805	24,197
	<hr/> 1,290,305	<hr/> 1,311,574
Less: Consolidation adjustments	(189,777)	(193,447)
Total retained profits as per statement of financial position	<hr/> <hr/> 1,100,528	<hr/> <hr/> 1,118,127

Dated: 29 May 2012
Petaling Jaya, Selangor Darul Ehsan.