

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

	3rd Quarter Ended		9 Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Revenue	708,755	625,527	2,049,916	1,895,713
Operating expenses	(541,857)	(494,234)	(1,603,938)	(1,514,182)
Depreciation and amortisation	(33,471)	(38,656)	(113,002)	(118,347)
Other income /(expenses)	(3,710)	569	(10,959)	(488)
Investment income	2,466	1,357	6,913	4,948
Interest income	1,817	2,038	4,802	5,108
Profit from operations	134,000	96,601	333,732	272,752
Finance cost	(1,343)	(2,753)	(4,854)	(8,156)
Share in results of associate	700	3,366	1,980	5,573
Profit before tax	133,357	97,214	330,858	270,169
Income tax expense	(36,792)	(25,349)	(87,501)	(70,683)
Profit for the period	96,565	71,865	243,357	199,486
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(302)	549	(349)	(1,304)
Net change in cash flow hedges	(333)	324	48	660
Others	-	-	-	(111)
Total other comprehensive income/(loss) for the period, net of tax	(635)	873	(301)	(755)
Total comprehensive income for the period	95,930	72,738	243,056	198,731
Profit/(Loss) attributable to:				
Owners of the Company	96,372	71,302	243,283	200,459
Non-controlling interests	193	563	74	(973)
	95,565	71,865	243,357	199,486
Total comprehensive income/(loss) attributable to:				
Owners of the Company	95,731	72,166	242,976	199,693
Non-controlling interests	199	572	80	(962)
	95,930	72,738	243,056	198,731
Basic and diluted earnings per share (sen)	11.3	8.4	28.6	23.6

(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 30 September 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	1,595,458	1,673,062	1,763,888
Investment property	3,540	3,568	3,777
Prepaid lease payments on leasehold land	113,646	118,827	124,649
Goodwill on consolidation	1,205,889	1,205,889	1,205,889
Other intangible assets	3,548	3,882	4,179
Investment in associate	18,886	16,488	9,601
Other financial assets	1,815	1,936	2,111
Deferred tax assets	1,987	2,444	1,205
	<u>2,944,769</u>	<u>3,026,096</u>	<u>3,115,299</u>
<u>Current assets</u>			
Inventories	271,255	271,524	261,133
Current tax assets	21,377	21,345	20,884
Trade receivables	400,065	320,705	275,814
Other receivables and prepaid expenses	35,708	35,784	36,234
Amounts owing by holding and other related companies	24,962	23,268	23,517
Derivative financial assets	B9 34	49	26
Term deposits	91,235	93,248	128,909
Fixed income trust fund	28,519	27,885	30,083
Cash and bank balances	167,546	231,171	213,715
	<u>1,040,701</u>	<u>1,024,979</u>	<u>990,315</u>
Assets classified as held for sale	-	-	18,748
	<u>1,040,701</u>	<u>1,024,979</u>	<u>1,009,063</u>
Total assets	3,985,470	4,051,075	4,124,362
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	39,361	39,716	41,164
Capital redemption reserve	33,798	33,798	33,798
Investments revaluation reserve	36	36	-
Hedging reserve	(194)	(242)	(430)
Retained earnings	1,143,041	1,118,127	1,093,587
Equity attributable to owners of the Company	<u>3,132,936</u>	<u>3,108,329</u>	<u>3,085,013</u>
Non-controlling interests	4,056	16,745	16,754
Total equity	<u>3,136,992</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 30 September 2012 RM'000	As at 31 December 2011 RM'000	As at 1 January 2011 RM'000
<u>Non-current liabilities</u>				
Borrowings	B8	798	1,707	107,949
Retirement benefits		53,803	51,280	40,920
Deferred tax liabilities		248,887	260,342	283,076
		<u>303,488</u>	<u>313,329</u>	<u>431,945</u>
<u>Current liabilities</u>				
Trade payables		344,444	318,901	293,075
Other payables and accrued expenses		86,059	82,525	96,670
Amounts owing to holding and other related companies		17,811	12,997	12,422
Borrowings	B8	1,204	106,242	107,826
Derivative financial liabilities	B9	452	612	998
Tax liabilities		27,044	23,419	11,683
Dividend payable		67,976	67,976	67,976
		<u>544,990</u>	<u>612,672</u>	<u>590,650</u>
Total liabilities		<u>848,478</u>	<u>926,001</u>	<u>1,022,595</u>
Total equity and liabilities		<u>3,985,470</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>3.69</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 →						Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	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				
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
Profit or loss for the period	-	-	-	-	-	-	243,283	243,283	74	243,357
Other comprehensive income/(loss) for the period	-	-	(355)	-	-	48	-	(307)	6	(301)
Dividends	-	-	-	-	-	-	(220,922)	(220,922)	-	(220,922)
Changes in ownership with no loss of control	-	-	-	-	-	-	2,553	2,553	(12,769)	(10,216)
As of 30 September 2012	849,695	1,067,199	39,361	33,798	36	(194)	1,143,041	3,132,936	4,056	3,136,992
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
Profit or loss for the period	-	-	-	-	-	-	200,348	200,348	(973)	199,375
Other comprehensive income/(loss) for the period	-	-	(1,315)	-	-	660	-	(655)	11	(644)
Dividends	-	-	-	-	-	-	(220,922)	(220,922)	-	(220,922)
Changes in ownership with no loss of control	-	-	-	-	-	-	(178)	(178)	178	-
As of 30 September 2011	849,695	1,067,199	39,849	33,798	-	230	1,072,835	3,063,606	15,970	3,079,576

(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	
	30 September 2012 RM'000	30 September 2011 RM'000
<u>Cash Flows From Operating Activities</u>		
Profit before tax	330,858	270,169
Adjustments for:-		
Allowance for inventories obsolescence	9,848	9,141
Amortisation of:		
- other intangible assets	334	223
- prepaid lease payments on leasehold land	5,181	4,579
Depreciation of:		
- investment property	28	33
- property, plant and equipment	107,459	113,508
Derivative gain	(292)	(841)
Dividend income	(635)	-
Finance cost	4,854	8,156
(Gain)/Loss on disposal of:		
- assets classified as held for sale	-	(376)
- available-for-sale investments	37	17
- property, plant and equipment	(675)	(2,919)
- investment property	-	(27)
Impairment loss recognised on trade receivables	372	-
Interest income	(4,802)	(5,691)
Property, plant and equipment written off	667	838
Provision for retirement benefits	6,097	4,984
Reversal of impairment loss on trade receivables	(101)	(1,582)
Unrealised (gain)/loss on foreign exchange	(1,552)	995
Share in results of associate	(1,980)	(5,573)
Operating profit before changes in working capital	455,698	395,634
(Increase)/Decrease in:		
Inventories	(9,426)	(15,700)
Receivables	(79,085)	(53,738)
Amounts owing by holding and other related companies	1,509	(6,583)
Increase/(Decrease) in:		
Payables	36,068	28,286
Amounts owing to holding and other related companies	(572)	(5,630)
Cash generated from operations	404,192	342,269
Retirement benefits paid	(3,574)	(1,147)
Tax paid	(94,337)	(57,563)
Net cash generated from operating activities	306,281	283,559

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

	Financial Period Ended	
	30 September 2012 RM'000	30 September 2011 RM'000
<u>Cash Flows From Investing Activities</u>		
Additions to property, plant and equipment	(35,079)	(38,836)
Dividend received	635	-
Interest received	4,802	5,691
Proceeds from disposal of:		
- assets classified as held for sale	-	19,425
- investment property	-	193
- available-for-sale investments	84	12
- property, plant and equipment	697	4,033
Payments for prepaid lease payments on leasehold land	-	(515)
Acquisition of additional interest in a subsidiary	(10,216)	-
Net cash used in investing activities	<u>(39,077)</u>	<u>(9,997)</u>
<u>Cash Flows From Financing Activities</u>		
Dividends paid	(220,922)	(220,922)
Interest paid	(6,062)	(10,482)
Repayment of borrowings	(105,947)	(107,212)
Net cash used in financing activities	<u>(332,931)</u>	<u>(338,616)</u>
Net Change in Cash and Cash Equivalents	(65,727)	(65,054)
Effects of currency translations	723	(1,884)
Cash and Cash Equivalents at beginning of the year	352,304	372,707
Cash and Cash Equivalents at end of the period	<u>287,300</u>	<u>305,769</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 (øMFRSö) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (øMASBö) and paragraph 9.22 of Bursa Malaysia Securities Berhad (øBursa Securitiesö) Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the Groupø 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 (øFRSö). 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 Groupø interim financial statements for part of the period covered by the Groupø 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 A2 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 capital reserve of RM33,968,000 (31 December 2011: RM33,968,000; 1 January 2011: RM34,079,000) was reclassified to retained earnings.

	30 September 2012 RM’000	31 December 2011 RM’000	1 January 2011 RM’000
Consolidated statement of financial position			
Reclassification of capital reserve to retained earnings	33,968	33,968	34,079
Adjustment to retained earnings	<u>33,968</u>	<u>33,968</u>	<u>34,079</u>

The Group has not adopted the following new and revised MFRSs, IC Interpretations and Amendments because they are not yet effective for the current period ended 30 September 2012 and the current financial year ending 31 December 2012:

MFRS 9, Financial Instruments
MFRS 10, Consolidated Financial Statements
MFRS 11, Joint Arrangements
MFRS 12, Disclosure of Interests in Other Entities
MFRS 13, Fair Value Measurement
MFRS 127 (revised), Separate Financial Statements
MFRS 128 (revised), Investments in Associates and Joint Ventures
IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 1, Government Loans
Amendments to MFRS 7, Disclosure - Offsetting of Financial Assets and Financial Liabilities
Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
Amendments to MFRS 119, Employee Benefits
Amendments to MFRS 132, Offsetting of Financial Assets and Financial Liabilities

Except for MFRS 9 which has an effective date beginning on or after 1 January 2015, the Group will adopt the other relevant Standards beginning on 1 January 2013. Adoption of these new Standards in the next financial year will result in changes to some existing accounting policies that could affect the results and the measurement of assets and liabilities. These are discussed below:

MFRS 12 - This MFRS introduces new disclosure requirements about subsidiaries, joint arrangements, associates and involvement in unconsolidated structure entities. Adoption of this MFRS will have no effect to the results and financial positions of the Group.

MFRS 13 - This MFRS explains how to measure fair value of assets, liabilities and equity required or permitted by MFRSs but does not introduce new fair value measurement requirements. When this MFRS is adopted in the next financial year, some unquoted equity investments (classified as available-for-sale investments) which are currently being measured at cost because their fair value cannot be measured reliably would need to be measured at fair value. The Group is currently assessing the impending change in measurement basis and, as such, the impact cannot be quantified at this reporting date.

Amendments to MFRS 101 - These amendments require that items of other comprehensive income be distinguished into those that will never be reclassified to profit or loss and those that may be reclassified to profit or loss when specified conditions in the applicable MFRSs are met. Adoption of these amendments will have no impact on the reported results and financial position.

The adoption of the other new Standards in the next financial year will have no significant effect or will not result in changes to the existing accounting policies.

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

Dividends paid during the current financial period are as follows:

	RM'000
Third interim dividend paid on 13 January 2012 for the year ended 31 December 2011 - 8.0 sen single-tier dividend per ordinary share of RM1.00 each	67,976
Fourth interim dividend paid on 12 April 2012 for the year ended 31 December 2011 - 10.0 sen single-tier dividend per ordinary share of RM1.00 each	84,970
First interim dividend paid on 18 July 2012 for the year ending 31 December 2012 - 8.0 sen single-tier dividend per ordinary share of RM1.00 each	67,976
	<u>220,922</u>

A second 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 amounting to RM67.976 million was paid on 17 October 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:

9 Months Ended 30 September	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	1,712,841	1,610,353	337,075	285,360	-	-	2,049,916	1,895,713
Internal revenue	221,738	178,451	140	707	(221,878)	(179,158)	-	-
	<u>1,934,579</u>	<u>1,788,804</u>	<u>337,215</u>	<u>286,067</u>	<u>(221,878)</u>	<u>(179,158)</u>	<u>2,049,916</u>	<u>1,895,713</u>
Segment profit/(loss)	<u>326,167</u>	<u>269,164</u>	<u>2,763</u>	<u>(1,520)</u>	<u>-</u>	<u>-</u>	<u>328,930</u>	<u>267,644</u>
Reconciliation of segment profit to consolidated profit before tax:								
Interest income							4,802	5,108
Finance cost							(4,854)	(8,156)
Share in results of associate							1,980	5,573
Consolidated profit before tax							<u>330,858</u>	<u>270,169</u>
Segment assets	<u>3,714,225</u>	<u>3,703,609</u>	<u>250,337</u>	<u>225,447</u>	<u>(310,458)</u>	<u>(242,204)</u>	<u>3,654,104</u>	<u>3,686,852</u>
Reconciliation of segment assets to consolidated total assets:								
Investment in associate							18,886	15,474
Unallocated corporate assets							312,480	330,997
Consolidated total assets							<u>3,985,470</u>	<u>4,033,323</u>
Segment liabilities	<u>744,263</u>	<u>666,373</u>	<u>137,245</u>	<u>110,842</u>	<u>(310,970)</u>	<u>(240,984)</u>	<u>570,538</u>	<u>536,231</u>
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							2,002	108,620
Unallocated corporate liabilities							275,938	308,896
Consolidated total liabilities							<u>848,478</u>	<u>953,747</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 September 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 30 September 2012 RM'000
In respect of capital expenditure:	
Approved and contracted for	13,328
Approved but not contracted for	18,635
	<hr/> <hr/> 31,963

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 30 September 2012 are as follows:

Description of Transactions	RM'000
Ultimate holding company of the Company:	
Provision of trademark licence and general assistance fee	26,563
Associate of the Group:	
Sales and/or purchase of cement and aggregates	49,805
Batching income	874
Management service fee	167
Subsidiaries of ultimate holding company of the Company:	
Sale and/or purchase of cement and clinker	242,322
Maintenance of hardware and software	2,248
Service fee for sourcing alternative fuel and raw materials	1,290
Management service fee	84
Rental income of office premises	818
Chartering of vessels	2,100
Administrative and supporting service fee	90

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			30 September 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	1,595,458		1,595,458
Investment property	3,777		3,777	3,568		3,568	3,540		3,540
Prepaid lease payments on leasehold land	124,649		124,649	118,827		118,827	113,646		113,646
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	3,548		3,548
Investment in associate	9,601		9,601	16,488		16,488	18,886		18,886
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	1,987		1,987
	<u>3,115,299</u>		<u>3,115,299</u>	<u>3,026,096</u>		<u>3,026,096</u>	<u>2,944,769</u>		<u>2,944,769</u>
<u>Current assets</u>									
Inventories	261,133		261,133	271,524		271,524	271,255		271,255
Current tax assets	20,884		20,884	21,345		21,345	21,377		21,377
Trade receivables	275,814		275,814	320,705		320,705	400,065		400,065
Other receivables and prepaid expenses	36,234		36,234	35,784		35,784	35,708		35,708
Amounts owing by holding and other related companies	23,517		23,517	23,268		23,268	24,962		24,962
Derivative financial assets	26		26	49		49	34		34
Term deposits	128,909		128,909	93,248		93,248	91,235		91,235
Fixed income trust fund	30,083		30,083	27,885		27,885	28,519		28,519
Cash and bank balances	213,715		213,715	231,171		231,171	167,546		167,546
	<u>990,315</u>		<u>990,315</u>	<u>1,024,979</u>		<u>1,024,979</u>	<u>1,040,701</u>		<u>1,040,701</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>1,040,701</u>		<u>1,040,701</u>
Total assets	<u>4,124,362</u>		<u>4,124,362</u>	<u>4,051,075</u>		<u>4,051,075</u>	<u>3,985,470</u>		<u>3,985,470</u>

	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			30 September 2012		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	39,361		39,361
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)	(194)		(194)
Retained earnings	1,059,508	34,079	1,093,587	1,084,159	33,968	1,118,127	1,109,073	33,968	1,143,041
Equity attributable to owners of the Company	3,085,013		3,085,013	3,108,329		3,108,329	3,132,936		3,132,936
Non-controlling interests	16,754		16,754	16,745		16,745	4,056		4,056
Total equity	3,101,767		3,101,767	3,125,074		3,125,074	3,136,992		3,136,992
<u>Non-current liabilities</u>									
Borrowings	107,949		107,949	1,707		1,707	798		798
Retirement benefits	40,920		40,920	51,280		51,280	53,803		53,803
Deferred tax liabilities	283,076		283,076	260,342		260,342	248,887		248,887
	431,945		431,945	313,329		313,329	303,488		303,488
<u>Current liabilities</u>									
Trade payables	293,075		293,075	318,901		318,901	344,444		344,444
Other payables and accrued expenses	96,670		96,670	82,525		82,525	86,059		86,059
Amounts owing to holding and other related companies	12,422		12,422	12,997		12,997	17,811		17,811
Borrowings	107,826		107,826	106,242		106,242	1,204		1,204
Derivative financial liabilities	998		998	612		612	452		452
Tax liabilities	11,683		11,683	23,419		23,419	27,044		27,044
Dividend payable	67,976		67,976	67,976		67,976	67,976		67,976
	590,650		590,650	612,672		612,672	544,990		544,990
Total liabilities	1,022,595		1,022,595	926,001		926,001	848,478		848,478
Total equity and liabilities	4,124,362		4,124,362	4,051,075		4,051,075	3,985,470		3,985,470

Retained earnings

The changes which affected the retained earnings are as follows:

	30 September 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>

Capital reserve

The changes which affected the capital reserve are as follows:

	30 September 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 capital 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

Revenue for the current quarter of RM 708.8 million was higher by 13% compared to the corresponding quarter last year due to higher sales volume in line with growth in domestic demand and higher domestic/export sales mix.

The Group registered profit before tax for the current quarter of RM133.4 million compared to RM97.2 million in the corresponding quarter last year. The favourable result was mainly due to higher revenue, favourable domestic/export sales mix and an improved recovery of increased cost.

Current Year to Date

The Group's revenue for the 9 months ended 30 September 2012 increased by 8 % to RM2,050.0 million compared to the corresponding period last year of RM1,895.7 million. This increase is due primarily to higher sales volume in line with the stronger domestic demand and higher domestic/export sales mix. With the higher revenue, profit before tax for the 9 months ended 30 September 2012 increased by 22% to RM330.9 million compared to the corresponding period last year of RM270.2 million. In addition to higher sales volume, the higher profit before tax was also attributed to overall better plant performance and an improved recovery of increased cost.

B2. Comparison with Preceding Quarter

	3rd Quarter Ended	2nd Quarter Ended
	30 September 2012	30 June 2012
	RM'000	RM'000
Revenue	<u>708,755</u>	<u>696,963</u>
Profit before tax	<u>133,357</u>	<u>110,387</u>

Revenue in the current quarter increased slightly by 2% mainly due to higher export cement and clinker sales volume compared to the preceding quarter partially offset by the lower domestic cement sales due to the festive holidays. This higher revenue generated by stronger export sales, better plant performance and lower interest cost resulted in a profit before tax improvement of 21% compared to the preceding quarter.

B3. Prospects

We expect the domestic demand of cement and other building materials to continue to grow on the back of the on-going implementation of the 10th Malaysia Plan and projects under the Economic Transformation Programme. However, due to a new entrant in the market coupled with adverse weather in the first few weeks of the fourth quarter, the Board is therefore taking a more cautious view for the remainder of the year.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 September 2012.

B5. Income Tax Expense

Income tax expense comprises the following:

	3rd Quarter Ended 30 September 2012 RM'000	9 Months Ended 30 September 2012 RM'000
In respect of current year:		
- income tax	(39,227)	(98,066)
- deferred tax	(116)	8,014
In respect of prior year:		
- income tax	(251)	(251)
- deferred tax	2,802	2,802
Total tax expense	<u>(36,792)</u>	<u>(87,501)</u>

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

It was announced on 7 April 2008 that, LMCB Holding Pte Ltd (öLMCBHö), a wholly owned subsidiary, received Notices of Additional Assessments from the Inland Revenue of Authority Singapore (öIRASö) 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 (öITBRSö). 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's decision. The appeal was heard on 26th and 27th March 2012 and is still pending decision.

B6. Profit for the Period

	3rd Quarter Ended		9 Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Profit for the period is arrived after charging:				
Allowance for inventories obsolescence	6,939	3,335	9,848	9,141
Amortisation of:				
- other intangible assets	116	74	334	223
- prepaid lease payments on leasehold land	1,725	1,495	5,181	4,579
Depreciation of:				
- investment property	10	10	28	33
- property, plant and equipment	31,620	37,072	107,459	113,508
Derivative loss	181	-	-	-
Impairment loss recognised on trade receivables	126	-	372	-
Loss on disposal of available-for-sale investments	-	17	37	17
Property, plant and equipment written off	325	53	667	838
Provision for retirement benefits	2,044	1,661	6,097	4,984
Realised loss on foreign exchange	1,448	-	2,959	-
Unrealised loss on foreign exchange	406	2,458	-	995
and after crediting:				
Derivative gain	-	300	292	841
Gain on disposal of:				
- assets classified as held for sales	-	3	-	376
- property, plant and equipment	335	2,229	675	2,919
- investment property		27		27
Reversal of impairment loss on trade receivables	-	857	101	1,582
Realised gain on foreign exchange	-	2,386	-	4,747
Unrealised gain on foreign exchange	-	-	1,552	-

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 30 September 2012 are as follows:

	RM'000
<u>Long-term borrowings</u>	
Finance lease (secured)	798
<u>Short-term borrowings</u>	
Finance lease (secured)	1,204
 Total Group borrowings	 <u>2,002</u>

All borrowings are denominated in Ringgit Malaysia.

B9. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 30 September 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	31,040	(418)	Less than 1 year

The Group's 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 30 September 2012, the amount of credit risk in the Group measured in terms of the cost to replace the profitable contracts was RM34,000. 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

Loss arising from fair value changes in financial liabilities was RM181,000 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 third 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 16 January 2013. The entitlement date for the dividend payment is on 19 December 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 19 December 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:

	3rd Quarter Ended		9 Months Ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Profit attributable to equity holders of the Company (RM'000)	96,372	71,302	243,283	200,459
Weighted average number of ordinary shares in issue ('000)	849,695	849,695	849,695	849,695
Basic and diluted earnings per share (sen)	11.3	8.4	28.6	23.6

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 30 September 2012, into realised and unrealised profits, is as follows:

	As at 30 September 2012 RM'000	As at 31 December 2011 RM'000
Total retained profits of the Group:		
- realised	1,426,922	1,434,130
- unrealised	(113,007)	(146,753)
	<hr/> 1,313,915	<hr/> 1,287,377
Total retained profits from associate:		
- realised	26,177	24,197
	<hr/> 1,340,092	<hr/> 1,311,574
Less: Consolidation adjustments	(197,051)	(193,447)
Total retained profits as per statement of financial position	<hr/> <hr/> 1,143,041	<hr/> <hr/> 1,118,127

Dated: 22 November 2012
Petaling Jaya, Selangor Darul Ehsan.