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

	1st Quarter Ended		1st Quarter Ended	
	31 March 2010 RM'000	**31 March 2009 RM'000**	**31 March 2010 RM'000**	**31 March 2009 RM'000**
Revenue	**548,420**	**609,411**	**548,420**	**609,411**
Operating expenses	(445,960)	(468,050)	(445,960)	(468,050)
Depreciation and amortisation	(38,808)	(37,645)	(38,808)	(37,645)
Other (expenses)/income	(5,394)	(379)	(5,394)	(379)
Investment income	1,968	2,083	1,968	2,083
Interest income	1,825	504	1,825	504
Profit from operations	**62,051**	**105,924**	**62,051**	**105,924**
Finance cost	(3,149)	(5,372)	(3,149)	(5,372)
Share in results of associate	(1,870)	544	(1,870)	544
Profit before tax	**57,032**	**101,096**	**57,032**	**101,096**
Income tax expense	(9,889)	(12,254)	(9,889)	(12,254)
Profit for the period	**47,143**	**88,842**	**47,143**	**88,842**
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(4,724)	(4)	(4,724)	(4)
Net change in cash flow hedges	(393)	-	(393)	-
Total other comprehensive income/(loss) for the period, net of tax	(5,117)	(4)	(5,117)	(4)
Total comprehensive income for the period	**42,026**	**88,838**	**42,026**	**88,838**
Profit/(Loss) attributable to:				
Equity holders of the Company	48,053	91,409	48,053	91,409
Minority interest	(910)	(2,567)	(910)	(2,567)
	47,143	**88,842**	**47,143**	**88,842**
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	42,936	91,405	42,936	91,405
Minority interest	(910)	(2,567)	(910)	(2,567)
	42,026	**88,838**	**42,026**	**88,838**
Basic and diluted earnings per share (sen)	5.7	10.8	5.7	10.8

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31St December 2009 and the accompanying explanatory notes attached to the interim financial statements)

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

	Note	As at 31 March 2010 RM'000	As at 31 December 2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,813,150	1,844,659
Investment property		3,810	3,822
Prepaid lease payments on leasehold land		127,627	129,422
Goodwill on consolidation		1,206,264	1,206,264
Other intangible assets		2,401	2,476
Investment in associates		13,597	16,149
Available-for-sale financial assets		2,213	2,213
Deferred tax assets		581	320
		3,169,643	3,205,325
Current assets			
Inventories		291,074	309,242
Trade receivables		284,583	295,988
Other receivables and prepaid expenses		54,782	62,493
Amounts owing from holding and other related companies		1,591	-
Derivative financial assets	B10	935	-
Term deposits		134,925	176,525
Cash and bank balances		243,649	236,996
		1,011,539	1,081,244
Total assets		**4,181,182**	**4,286,569**
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		849,695	849,695
Reserves:			
Share premium		1,067,199	1,067,199
Capital reserve		33,968	33,968
Exchange equalisation reserve		39,485	44,209
Capital redemption reserve		33,798	33,798
Other reserve		(115)	-
Retained earnings		1,212,442	1,164,779
Equity attributable to equity holders of the Company		3,236,472	3,193,648
Minority interests		20,086	20,996
Total equity		3,256,558	3,214,644

Forward

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

	Note	As at 31 March 2010 RM'000	As at 31 December 2009 RM'000
Non-current liabilities			
Borrowings	B9	214,947	215,775
Retirement benefits		36,915	37,685
Derivative financial liabilities	B10	943	-
Deferred tax liabilities		293,089	291,510
		545,894	544,970
Current liabilities			
Trade payables		277,680	270,238
Other payables and accrued expenses		83,161	102,148
Amounts owing to holding and other related companies		-	2,830
Borrowings	B9	3,445	143,501
Derivative financial liabilities	B10	944	-
Tax liabilities		13,500	8,238
		378,730	526,955
Total liabilities		924,624	1,071,925
Total equity and liabilities		**4,181,182**	**4,286,569**
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.81	3.76

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31st December 2009 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 equity holders of the Company									
	Non-distributable					Distributable				
	Share Capital	Share Premium	Capital Reserve	Exchange Equalisation Reserve	Capital Redemption Reserve	Other Reserve	Retained Earnings	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 January 2010										
As previously stated	849,695	1,067,199	33,968	44,209	33,798	-	1,164,779	3,193,648	20,996	3,214,664
- Effect of adopting FRS 139 (Note A2)	-	-	-	-	-	278	(390)	(112)	-	(112)
As of 1 January 2010 (restated)	849,695	1,067,199	33,968	44,209	33,798	278	1,164,389	3,193,536	20,996	3,214,532
Profit/(Loss) for the period	-	-	-	-	-	-	48,053	48,053	(910)	47,143
Other comprehensive income/(loss)	-	-	-	(4,724)	-	(393)	-	(5,117)	-	(5,117)
Total comprehensive income/(loss) for the period	-	-	-	(4,724)	-	(393)	48,053	42,936	(910)	42,026
As of 31 March 2010	849,695	1,067,199	33,968	39,485	33,798	(115)	1,212,442	3,236,472	20,086	3,256,558

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Non-distributable						Distributable			
	Share Capital	Share Premium	Capital Reserve	Exchange Equalisation Reserve	Capital Redemption Reserve	Other Reserve	Retained Earnings	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 January 2009	849,695	1,067,199	33,968	40,923	33,798	-	1,006,434	3,032,017	27,009	3,059,026
Profit/(Loss) for the period	-	-	-	-	-	-	91,409	91,409	(2,567)	88,842
Other comprehensive income/(loss)	-	-	-	(4)	-	-	-	(4)	-	(4)
Total comprehensive income/(loss) for the period	-	-	-	(4)	-	-	91,409	91,405	(2,567)	88,838
As of 31 March 2009	849,695	1,067,199	33,968	40,919	33,798	-	1,097,843	3,123,422	24,442	3,147,864

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31st December 2009 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 Year Ended	
	31 March 2010 RM'000	**31 March 2009 RM'000**
Cash Flows From Operating Activities		
Profit before tax	57,032	101,096
Adjustments for:-		
Non-cash items	45,181	42,218
Non-operating items	1,296	4,869
Operating profit before changes in working capital	103,509	148,183
Changes in working capital		
Net change in current assets	30,678	(15,937)
Net change in current liabilities	(13,161)	(72,561)
Retirement benefits paid	(2,364)	(453)
Tax paid	(1,751)	(3,558)
Net cash generated from operating activities	116,911	55,674
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(7,974)	(11,198)
Proceeds from disposal of property, plant and equipment	1,108	329
Other investment activities	1,848	504
Net cash used in investing activities	(5,018)	(10,365)
Cash Flows From Financing Activities		
Net repayment of borrowings	(140,000)	(25,000)
Interest paid	(5,091)	(9,096)
Net cash used in financing activities	(145,091)	(34,096)
Net Change in Cash and Cash Equivalents	(33,198)	11,213
Effects of currency translations	(1,749)	1
Cash and Cash Equivalents at beginning of the year	413,521	142,858
Cash and Cash Equivalents at end of the period	378,574	154,072

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31st December 2009 and the accompanying explanatory notes attached to the interim financial statements)

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2009. 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 2009.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of followings Financial Reporting Standards (FRSs), amendments to FRSs and IC Interpretations:

Effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 2	Share-Based Payments (Amendments relating to vesting conditions and cancellations)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – effective date and transition)
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation)
FRS 139	Financial Instruments: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127)
Improvements to FRSs (2009)	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to embedded Derivatives)

IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application other than those disclosed in Note A3 below.

The following FRSs, amendments to FRSs and IC Interpretations have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010, have yet to be adopted by the Group:

FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from comparative FRS7 Disclosures for first-time adopters)
FRS 2	Share-Based Payments (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 3	Business Combinations (Revised in 2010)
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)
FRS 7	Disclosures for Financial Instruments (Amendments relating to improving disclosures about financial instruments)
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010)
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

A3. Changes in accounting policies

FRS 8: Operating Segments

FRS 8 requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group presents its segment information based on business segments, which is also the basis of presenting monthly internal management reports. The basis of measurement of segment results, segment assets, and segment liabilities are same as the basis of measurement for external reporting.

FRS 101 (Revised): Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary shares.

FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 sets out the requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the end of reporting period reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and bank balances, short-term deposits, loans and receivables and available-for-sale investments.

Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate (EIR) method. Gains and losses arising from derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the profit or loss.

Available-for-sale (AFS)

Prior to 1 January 2010, investment in equity and debt securities instruments that are not held for trading were accounted for at cost less impairment loss or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other investments categorised as AFS financial assets are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, borrowings, and are carried at amortised cost.

Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit and loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instruments at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain on the hedged item, except for hedge item categorized as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorized as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge
A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset of liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Derecognition
A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

Impact on opening balances
In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. The changes in accounting policies above which resulted in adjustments to opening reserves of the Group are as follows:

	Other Reserve RM'000	Retained Earnings RM'000
At 1 January 2010, as previously stated	-	1,164,779
Adjustment arising from adoption of FRS 139:		
- Remeasurement of staff loans	-	(467)
- Recognition of derivatives previously not recognised, net of tax	278	77
At 1 January 2010, as restated	278	1,164,389

Staff loans
Prior to the adoption of FRS 139, staff loans were recorded at cost. With the adoption of FRS 139, staff loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in the profit or loss using the effective interest method.

Derivatives
Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement dates. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with gain or loss recognised in profit or loss other than derivatives designated as hedging instruments with are accounted for in accordance with the hedge accounting policy as detailed above.

A4. 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.

A5. 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.

A6. 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.

A7. 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.

A8. 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.

A9. Dividend Paid

A second interim dividend of 23.0 sen single tier dividend per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2009, amounting to RM195.430 million was paid on 14 April 2010.

A10. 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 tax liabilities.

The Group is organised into the following main operating segments:

Cement and clinker	Cement and clinker business
Other operations	Ready-mixed concrete and aggregates, other building materials and other operations business

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

3 Months Ended	Cement and clinker 2010 RM'000	Cement and clinker 2009 RM'000	Other operations 2010 RM'000	Other operations 2009 RM'000	Elimination 2010 RM'000	Elimination 2009 RM'000	Total 2010 RM'000	Total 2009 RM'000
Segment revenue	447,291	510,475	138,826	145,918	(37,697)	(46,982)	548,420	609,411
Segment profit/(loss)	60,762	106,774	(536)	(1,354)	-	-	60,226	105,420
Reconciliation of segment profit/(loss) to consolidated profit before tax:								
Interest income							1,825	504
Finance cost							(3,149)	(5,372)
Share in results of associate							(1,870)	544
Consolidated profit before tax							57,032	101,096
Segment assets	3,654,032	3,818,660	331,538	366,812	(200,944)	(72,183)	3,784,626	4113,289
Reconciliation of segment assets to consolidated total assets:								
Investment in associate							13,597	18,989
Unallocated corporate assets							382,959	159,513
Consolidated total assets							4,181,182	4,291,791
Segment liabilities	307,547	300,218	291,319	176,208	(201,218)	(72,185)	397,648	404,241
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							220,387	438,910
Unallocated corporate liabilities							306,589	300.776
Consolidated total liabilities							924,624	1,143,927

A11. 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.

A12. Material Events Subsequent to Quarter End

There were no material events subsequent to the current financial quarter 31 March 2010 up to the date of this report which are likely to substantially affect the results of the operations of the Group.

A13. Changes in Group Composition

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

A14. Contingent Liabilities

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

A15. 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 2010 RM'000
In respect of capital expenditure:	
Approved and contracted for	218
Approved but not contracted for	41,931
	42,149

A16. 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
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.
Lafarge Asia Sdn Bhd	Subsidiary of Lafarge S.A.
LGBA Trading (Singapore) Pte Ltd	Subsidiary of Lafarge S.A.
Marine Cement Ltd	Subsidiary of Lafarge S.A.
PT Lafarge Cement Indonesia (formerly known as PT Semen Andalas Indonesia)	Subsidiary of Lafarge S.A.
P&O Global Technologies Sdn Bhd	Subsidiary of Pacific & Orient Berhad, of which Mr Chan Hua Eng, a Director of the Company, is a substantial shareholder

The related party transactions for financial year ended 31 March 2010 are as follows:

Description of Transactions	RM'000
Ultimate holding company of the Company:	
Provision of trademark licence and general assistance fee	6,964
Associate of the Group:	
Sales of cement and ready-mixed concrete	7,384
Subsidiaries of ultimate holding company of the Company:	
Sale and/or purchase of cement and clinker	88,093
Maintenance of hardware and software	604
Rental income of office premises	271
Subsidiary of Pacific & Orient Berhad:	
Purchase of information technology hardware and services	7

The Directors are of the opinion that all related party transactions are entered into in the normal course of business and have been established under terms that are no less favourable than those that could be arranged with independent parties where comparable services or purchases are obtainable from unrelated parties. With regard to the agreement for the provision of trademark licence and general assistance, Lafarge S.A has the specialised expertise, technical competencies and/or facilities and infrastructure required for the provision of such services.

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

B1. Review of Group's Performance

Current Quarter

Revenue was 10% lower in the current quarter compared to the corresponding quarter in 2009 mainly due to lower cement export volume, lower selling prices in both domestic and export markets. The export prices were substantially higher in 1st quarter 2009 and were on a declining trend due to softening of cement demand in the international market. The weaker US Dollar in the current quarter also impacted negatively export prices in Ringgit term. Group pre-tax profit at RM57.0 million in the current quarter was RM44.1 million lower compared to RM101.1 million in the corresponding quarter last year mainly due to lower domestic selling prices and lower export earnings as explained above, lower results of our operations in Singapore and certain non-recurring plant repair costs and expenses.

Despite the lower pre-tax profit, cash flows generated from operating activities doubled from RM55.7 million in 1st quarter 2009 to RM116.9 million in the current quarter due to the Group's continuing focus on working capital management.

B2. Comparison with Preceding Quarter

	1st Quarter Ended 31 March 2010 RM'000	4th Quarter Ended 31 December 2009 RM'000
Revenue	548,420	624,483
Profit before tax	57,032	123,983

Revenue in current quarter decreased by approximately 12% as compared to preceding quarter mainly due to lower export volume, lower selling prices in both domestic and export markets and weaker US Dollar. Group pre-tax profit was lower at RM57.0 million compared to RM124.0 million in the preceding quarter mainly due to lower revenue, higher cost of production and maintenance cost due to the timing of scheduled plant maintenance during the current quarter.

B3. Prospects

Contributions from cement and clinker exports declined substantially in the current quarter due to the lower prices in the international market and the weaker US Dollar. We expect our export contribution margin to improve slightly from the current level as there are indications of better cement and clinker prices in the international trading market going forward. The results of our operations in Singapore are likely to continue to be affected by very challenging market conditions.

However, the outlook for the construction and building materials industries in Malaysia for the second half of 2010 is expected to be positive in anticipation of the implementation of public sector projects and higher private investments mainly in the property sector. With a more positive outlook, contributions from domestic market going forward are expected to improve compared to the first quarter as domestic selling prices were revised upwards effective 1 May 2010 to compensate for the higher fuel cost and other cost increases. In addition, we expect our plant performance to return to its high level in the second half of the year. The Group will continue to intensify its efforts on revenue, cost and cash management. The Board is optimistic of achieving satisfactory results in 2010.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 March 2010.

B5. Income tax expense

Income tax expense comprises the following:

	1st Quarter Ended 31 March 2010 RM'000
In respect of current year:	
- income tax charge	(8,832)
- deferred tax charge	(1,553)
In respect of prior years:	
- income tax credit	473
- deferred tax credit	23
	(9,889)

The Group's effective tax rate for the current quarter is lower than the statutory tax rate of 25% in Malaysia mainly due to higher utilisation of reinvestment allowances.

It was previously announced that on 7 April 2008, 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.

LMCBH filed the Notice of Appeal on 2 October 2008 and the Petition of Appeal on 31 October 2008 with the Income Tax Board of Review of Singapore. The appeal was partly heard from 26 to 28 April 2010 and had been adjourned to a date to be determined by the Income Tax Board of Review of Singapore.

B6. Unquoted Investments and/or Properties

There was no disposal of unquoted investments and properties during the quarter under review.

B7. Quoted Securities

a) There were no purchases or disposal of quoted securities during the quarter under review.

b) Investment in quoted securities as at 31 March 2010 is as follows:

	RM'000
Available-for-sale financial assets	113

B8. Status of Corporate Proposals

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

B9. Group Borrowings

The Group borrowings as at 31 March 2010 are as follows:

	RM'000
Long-term borrowings	
Floating rate notes (unsecured)	210,000
Finance lease (secured)	4,947
	214,947
Short-term borrowings	
Finance lease (secured)	3,445
Total Group borrowings	218,392

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

With the adoption of FRS 139, there is no longer any off balance sheet financial instruments.

Details of derivative financial instruments outstanding as at 31 March 2010 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/(Liabilities) (RM'000)**	**Maturity**
Foreign Exchange Contracts	7,295	(9)	Less than 1 year
Interest Rate Swap Contract	80,000	(943)	1 year to 3 years

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 2010, the amount of credit risk in the Group measured in terms of the cost to replace the profitable contracts was RM935,000. 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.

Gains/(losses) arising from 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 8.0 sen single-tier dividend per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2010 and which will be paid on 8 July 2010. The entitlement date for the dividend payment is on 14 June 2010.

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 14 June 2010 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 2010	**31 March 2009**
Profit attributable to equity holders of the Company (RM’000)	48,053	91,409
Weighted average number of ordinary shares in issue (‘000)	849,695	849,695
Basic and diluted earnings per shares (sen)	**5.7**	**10.8**

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

Dated: 26 May 2010
Petaling Jaya, Selangor Darul Ehsan.