

LAFARGE MALAYAN CEMENT BERHAD
(Formerly known as Malayan Cement Berhad)
(1877-T)

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/6/2003 RM'000	30/6/2002 RM'000	30/6/2003 RM'000	30/6/2002 RM'000
Revenue	447,449	420,561	854,453	859,919
Profit from Operations	62,691	34,468	66,106	62,919
Finance costs	(11,166)	(11,026)	(22,867)	(25,758)
Share of results of associates	(10)	(470)	1,122	(611)
Other Investing Results	376	68	538	135
Profit before Tax	51,891	23,040	44,899	36,685
Taxation	(14,209)	(4,133)	(13,869)	(4,220)
Profit after tax	37,682	18,907	31,030	32,465
Minority Interests	30	(2,675)	1,332	(2,320)
Net Profit for the period	37,712	16,232	32,362	30,145
Depreciation and amortisation	45,842	45,407	91,664	91,481
Earning per share (sen)	1.30	0.56	1.12	1.04

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2002)

LAFARGE MALAYAN CEMENT BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30/6/2003 RM'000	*As at 31/12/2002 RM'000
Property, Plant and Equipment		2,663,798	2,751,293
Deferred Expenditure		3,607	3,560
Associated Companies		17,738	16,615
Investments		7,434	7,176
Goodwill on Consolidation		1,179,011	1,179,011
<u>Current Assets</u>			
Inventories		220,386	230,733
Trade Receivables		310,377	281,329
Other Receivables		64,980	79,004
Term Deposits		30,730	23,817
Cash and bank balances		68,905	54,790
		<u>695,378</u>	<u>669,673</u>
<u>Current Liabilities</u>			
Trade Payables		191,416	166,440
Other Payables and accruals		106,340	114,806
Amount due to holding companies		207	1,255
Tax liabilities		7,844	9,520
Borrowings	B5	283,300	219,640
		<u>589,107</u>	<u>511,661</u>
Net Current Assets		<u>106,271</u>	<u>158,012</u>
		<u>3,977,859</u>	<u>4,115,667</u>
<u>Shareholders' Funds</u>			
Share Capital - Ordinary shares of RM0.50 each		1,449,298	1,446,828
Reserves:			
Share Premium		1,114,291	1,113,648
Capital Reserve		33,968	33,968
Capital Redemption Reserve		159	159
Retained Earnings		495,349	506,392
Exchange Equalisation Reserve		25,852	27,416
Total Reserves		<u>1,669,619</u>	<u>1,681,583</u>
Shareholders' Funds		3,118,917	3,128,411
Minority Interests		40,758	42,470
Long Term Borrowings	B5	660,000	800,000
Provision for Retirement Benefits		20,049	18,359
Deferred Taxation		138,135	126,427
		<u>3,977,859</u>	<u>4,115,667</u>
Net tangible assets per share (RM)		<u>0.67</u>	<u>0.67</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31st December 2002)

** Restated for the adoption of accounting policy on deferred taxation under MASB 25 "Income Taxes".*

LAFARGE MALAYAN CEMENT BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date 30/6/2003 RM'000	Preceding Year To Date 30/6/2002 RM'000
Net Profit before tax	44,899	36,685
Adjustment for :-		
Non-cash items	93,216	88,418
Non-operating items	22,283	24,341
Operating profit before changes in working capital	160,398	149,444
<u>Changes in working capital</u>		
Net change in current assets	(6,298)	(23,304)
Net change in current liabilities	25,100	(5,504)
Retirement benefits paid	(524)	(2,113)
Tax paid	(3,643)	(80)
Net cash generated from operating activities	175,033	118,443
<u>Cash Flows From Investing Activities</u>		
Other investments	(4,780)	(19,000)
Equity investments	(262)	-
Net cash used in investing activities	(5,042)	(19,000)
<u>Cash Flows From Financing Activities</u>		
Proceeds from special issue to Bumiputera	3,458	-
Incidental costs relating to special issue to Bumiputera	(345)	-
Net (repayment)/drawdown of borrowings	(76,340)	18,094
Interest paid	(31,457)	(40,534)
Dividend paid	(43,405)	(41,669)
Net cash used in financing activities	(148,089)	(64,109)
Net Change in Cash & Cash Equivalents	21,902	35,334
Effects of currency translation	(874)	2,062
Cash & Cash Equivalents at beginning of the year	78,607	44,600
Cash & Cash Equivalents at end of the period	99,635	81,996

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2002)

LAFARGE MALAYAN CEMENT BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Capital Reserve	Exchange Equalisation Reserve	Retained Earnings	Capital Redemption Reserve	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2003								
- as previously reported		1,446,828	1,113,648	33,968	27,416	548,461	159	3,170,480
- prior year adjustments	A1	-	-	-	-	(42,069)	-	(42,069)
- as restated		<u>1,446,828</u>	<u>1,113,648</u>	<u>33,968</u>	<u>27,416</u>	<u>506,392</u>	<u>159</u>	<u>3,128,411</u>
Exchange translation difference		-	-	-	(1,564)	-	-	(1,564)
Net profit for the year		-	-	-	-	32,362	-	32,362
Issuance of shares		2,470	643	-	-	-	-	3,113
Dividend paid		-	-	-	-	(43,405)	-	(43,405)
As at 30 June 2003		<u>1,449,298</u>	<u>1,114,291</u>	<u>33,968</u>	<u>25,852</u>	<u>495,349</u>	<u>159</u>	<u>3,118,917</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2002)

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A. NOTES TO CONDENSED FINANCIAL STATEMENT

A1. Basis of preparation

This interim report is prepared in accordance with MASB 26 “Interim Financial Reporting” and paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2002.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 December 2002 except for the adoption of accounting policy on deferred taxation under MASB 25 “Income Taxes”.

The effects of the change in accounting policies on the comparative figures are summarised below:

	As at 31 December 2002		
	As Previously Stated	Effect of Change in policy	As restated
	RM'000	RM'000	RM'000
Goodwill on consolidation	1,140,662	38,349	1,179,011
Retained earnings	548,461	(42,069)	506,392
Minority interests	40,092	2,378	42,470
Deferred tax liability	48,387	78,040	126,427
	RM	RM	RM
Net tangible assets per share	0.70	(0.03)	0.67

A2. Audit Report of Preceding Audited Financial Statements

The audit report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.

A3. 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.

A4. 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.

A5. 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 year –to-date.

A6. Capital Issues and Repayment and Dealings in Own Shares

During the financial quarter, pursuant to the Proposed Special Issue to Bumiputera, the issue and paid up share capital of the Company was increased to RM1,449,297,578 by the issue of 4,940,000 new ordinary shares of RM0.50 each at an issue price of RM0.70 each. The new shares issued rank pari - passu in all respects with existing ordinary shares of the Company. Save as disclosed above, there were no other issuance and repayment of debt and equity securities, share buy backs, share cancellations, share held as treasury shares and resale of treasury shares during the quarter.

A7. Dividend Paid

An interim tax exempt dividend of 1.5 sen per share, amounting to RM 43.405 million in respect of the previous financial year was paid on 22 April 2003.

A8. Segmental Information

Analysis of the Group's segmental revenue and results is as follows: -

	6 months ended 30 June			
	Revenue		Profit before tax	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Cement & Clinker	626,107	615,287	61,247	57,363
Other building materials	100,087	112,262	3,537	1,892
Ready-mixed concrete	179,130	203,881	(1,832)	(2,610)
Other operations	18,583	23,938	3,107	5,689
	<u>923,907</u>	<u>955,368</u>	<u>66,059</u>	<u>62,334</u>
Inter-segment elimination	(69,454)	(95,449)	-	-
Total revenue/Profit from operation	<u>854,453</u>	<u>859,919</u>	<u>66,059</u>	<u>62,334</u>
Interest expenses			(22,867)	(25,758)
Interest income			585	720
Share of results of associates			1,122	(611)
Taxation			(13,869)	(4,220)
Profit after tax			<u>31,030</u>	<u>32,465</u>

A9. 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.

A10. Material Events Subsequent to quarter end

There were no material events subsequent to the current financial quarter ended 30 June 2003 up to the date of this report which are likely to substantially affect the results of the operations of the Group.

A11. Changes in Group composition

There were no changes to the Group composition during the financial quarter ended 30 June 2003.

A12. Contingent Liabilities

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

A13. Commitments

Outstanding commitments in respect of capital expenditure at balance sheet date not provided for in the financial statements are:

	As at 30/6/2003
	RM'000
Contracted but not provided for	10,374
Approved but not contracted for	20,793
	<u>31,167</u>

A14. Related Party Transactions

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

Name of Related Parties	Relationship
Blue Circle Industries PLC ("BCI)	Holding company of the Company
Lafarge S.A.	Ultimate holding company of the Company
United Cement 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.
Lafarge Roofing Systems Sdn Bhd	Subsidiary of Lafarge S.A.
Lafarge Roofing Tiles Sdn Bhd	Subsidiary of Lafarge S.A.
Lafarge Tiles (Pahang) Sdn Bhd	Subsidiary of Lafarge S.A.
Marine Cement Ltd	Subsidiary of Lafarge S.A.

Description of Transactions	Current Year to Date 30/6/2003 (RM'000)
Provision of trademark license and general assistance by Lafarge S.A.	9,457
Insurance premium and brokerage fee charged by Lafarge S.A.	254
Sales of cement and clinker to Cementia Trading AG	61,798
Sales of cement to Marine Cement Ltd	10,206
Sales of cement to United Cement Pte Ltd	300
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	4,878
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	239
Services for export sales by Cementia Asia Sdn Bhd	989
Time charter hire of vessels to Cement Shipping Company Ltd	4,748
Purchase of raw materials from Blue Circle Industries Plc	59
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	4,032
Purchase of building materials for resale from Lafarge Roofing Tiles Sdn Bhd	262
Rental of office premises to Lafarge Asia Sdn Bhd	49

The Directors are of the opinion that the 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 technical, trademark license and general services, Lafarge has the specialized expertise, technical competencies and/or facilities and infrastructure required for the provision of such services. Furthermore, the centralisation of these services within the Lafarge Group helps to develop specialised expertise for use by relevant members of the Lafarge Group and generate savings from the economies of scale for all recipient companies.

B. ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS

B1. Review of Group's Performance

Current Quarter

Group profit before tax improved 125% to RM51.9 million compared to RM 23.0 million achieved in the same quarter last year. This was largely attributed to the higher revenue from the cement operations, higher production output and lower production costs due to better plant performance.

Year To Date

Group profit before tax improved 22.4% to RM44.9 million compared to RM36.7 million in the corresponding period last year despite recording marginally lower revenue. The lower revenue was largely attributed to lower sales of ready mixed concrete and other building materials which have relatively lower contribution margins as well as lower domestic cement selling prices. The better results are mainly contributed by an overall improvement in plant performance, higher exports and lower financing costs.

B2. Comparison with Preceding Quarter

	Current Quarter 30/6/2003 RM'000	Preceding Quarter 31/3/2003 RM'000
Revenue	447,449	407,004
Profit/(Loss) before income tax	<u>51,891</u>	<u>(6,992)</u>

Revenue was higher during the current quarter compared to the preceding quarter mainly due to higher domestic cement sales arising from the higher cement demand and an improvement in domestic cement selling prices. Coupled with lower production costs and higher production output on account of the absence of major scheduled plant shutdowns during the quarter, Group profit before tax surged to RM51.9 million from a loss of RM7.0 million in the preceding quarter.

B3. Prospects for the Year 2003

With the improved outlook in the domestic and global economies, the Directors expect the Group's financial results in the current financial year to be better than last year.

B4. Profit Forecast and Profit Guarantee

The group did not publish any profit forecast or profit guarantee during the financial quarter ended 30 June 2003.

B5. Taxation

Taxation comprises the following:

	Current Year Quarter 30/6/2003 RM'000	Current Year to Date 30/6/2003 RM'000
In respect of current period:		
- income tax	(1,959)	(2,892)
- deferred tax	(12,250)	(11,893)
In respect of prior years:		
- income tax	-	916
	<u>(14,209)</u>	<u>(13,869)</u>

The Group effective rate is higher than the applicable statutory tax rates in Malaysia and Singapore mainly due to the non-deductibility of certain expenses.

B6. Unquoted Investments and/or Properties

During the quarter under review, a property was disposed of for a cash consideration of RM730,000 with a gain of RM174,000. There was no disposal of unquoted investments.

B7. Quoted Securities

a) Purchases or disposal of quoted securities during the quarter under review are as follows:-

	Current Year Quarter 30/6/2003 RM'000	Current Year to Date 30/6/2003 RM'000
Total Purchase	346	346
Total sales proceeds	84	84
Total profit on disposal	10	10

b) Investment in quoted securities as at 30 June 2003 is as follows: -

	RM'000
At cost	4,356
Provision for diminution in value	(1,867)
At book value	<u>2,489</u>
At market value	<u><u>2,930</u></u>

B8. Status of Corporate Proposals

(a) Proposed Special Issue to Bumiputera Investors

There has been no subsequent issue since the listing and quotation of 4,940,000 shares to approved Bumiputera investors pursuant to the Special Issue on 18 April 2003. As previously announced, the Securities Commission via its letter of 9 May 2003 granted the extension of time for a further period of (1) year, from 26 April 2003 to 26 April 2004 to implement the Special Issue for the remaining 552 million ordinary shares of RM0.50 each.

(b) Internal Reorganisation of the Corporate Structure of Subsidiaries in Singapore

The Company had on 30 July 2003 announced the proposed internal reorganisation of the corporate structure of its subsidiaries in Singapore ("the Reorganisation") with the intent of streamlining its holdings in "Singapore Subsidiaries", namely, Cement Marketing Company Pte Ltd ("CMCS"), Lafarge Cement Singapore Pte Ltd ("LCS"), PMCWS Enterprises Pte Ltd ("PMCWSE") and Blue Circle Shipping and Trading Pte Ltd ("BCST") under one wholly-owned Singapore incorporated company ("Newco"). The Reorganisation will entail Newco's acquisitions of the entire equity interest of CMCS from the Company and the respective 50% equity interest in LCS, PMCWSE and BCST held by CMCS and M-Cement Sdn Bhd ("MCSB"). As an integral part of the Reorganisation, Newco will issue S\$225 million worth of notes ("Notes") to Standard Chartered Bank to fund the acquisition of the Singapore Subsidiaries. The Notes will subsequently be bought and held by MCSB with funds received from the disposal of its equity interest in the Singapore Subsidiaries and inter-company loans from the Company and CMCS. The issue of the Notes will not have any impact on the consolidated net debt position of the Group.

The Reorganisation will result in a simpler corporate structure, wherein Newco will hold directly the entire equity interests of the Singapore Subsidiaries, thereby allowing the Singapore Subsidiaries to avail themselves of the new group relief provisions under Singapore income tax legislation, i.e. losses, if any, in one company can be used to set off income in another company.

The Reorganisation, which is expected to be completed in the second half of the financial year ending 31 December 2003, is not expected to have any material impact on the NTA and earnings of the Group for the current financial year but is expected to have a positive impact thereafter.

Pursuant to the Reorganisation, the Company had on 31 July 2003 acquired a Singapore incorporated shelf company, LMCB Holding Pte Ltd, by the acquisition of its entire issued and paid up share capital comprising two (2) ordinary shares of SGD1.00 each. With the said acquisition, LMCB Holding Pte Ltd has become a wholly owned subsidiary of the Company.

B9. Group Borrowings

Total Group borrowings (unsecured) as at 30 June 2003 were as follows:-

<u>Long-term borrowings</u>	RM'000
Syndicated term loan	115,000
Term Unsecured Loan incorporating preference shares	545,000
	<u>660,000</u>
<u>Short-term borrowings</u>	
Current portion of Syndicated term loan	100,000
Current portion of Term Unsecured Loan incorporating preference shares	40,000
Revolving credit	140,000
Bankers' acceptances	3,300
	<u>283,300</u>

B10. Off Balance Sheet Financial Instruments

As of 14 August 2003, the forward foreign exchange contracts which have been entered into by the Group are as follows:-

Forward Contracts Sold

Currency	Contract Amount (FC'000)	Contract Period	Exchange Rate	Outstanding Contract Amount (RM'000)
USD	937	Sept 2003 to Oct 2003	3.8060	3,567
USD	310	Aug 2003 to Sept 2003	3.8005	1,178
USD	510	Aug 2003 to Sept 2003	3.8015	1,939

Forward Contracts Purchased

Currency	Contract Amount (FC'000)	Contract Period	Exchange Rate	Outstanding Contract Amount (RM'000)
EURO	50	Aug 2003 to Aug 2003	4.2945	215
EURO	50	Aug 2003 to Sept 2003	4.2885	214
EURO	100	Sept 2003 to Sept 2003	4.2895	429

The Group does not foresee any significant credit and market risks associated with the above forward exchange contracts as they are entered into with approved financial institutions in line with the Group's policy.

B11. Material Litigation

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

B12. Dividend

The Directors do not recommend any interim dividend for the period under review.

B13. Earnings per share

Basic earnings per share is calculated by dividing the Group's net profit for the period by the weighted average of the number of ordinary shares in issue during the period, as follows:

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
i) Net profit for the period (RM'000)	37,712	16,232	32,362	30,145
ii) Weighted average number of ordinary shares in issue ('000)	2,897,361	2,893,656	2,897,361	2,893,656
iii) Basic earnings per shares (sen)	1.30	0.56	1.12	1.04

Fully diluted earnings per share for the financial period in respect of the Group's Employees' Share Option Scheme ("ESOS") has not been disclosed as the exercise of the ESOS has an anti-dilutive effect.

Dated: 21 August 2003
 Petaling Jaya