

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
	30/9/2003 RM'000	30/9/2002 RM'000	30/9/2003 RM'000	30/9/2002 RM'000
Revenue	462,665	419,184	1,317,118	1,279,103
Operating expenses	(357,621)	(329,033)	(1,054,304)	(1,034,552)
Depreciation	(45,536)	(46,592)	(137,200)	(138,073)
Other operating income/(expenses)	(25)	142	513	277
Profit from operations	59,483	43,701	126,127	106,755
Finance costs	(12,140)	(11,462)	(35,007)	(37,220)
Share of results of associated companies	(142)	(548)	980	(1,159)
Profit before taxation	47,201	31,691	92,100	68,376
Taxation	(12,391)	(6,263)	(26,260)	(10,483)
Profit after tax	34,810	25,428	65,840	57,893
Minority Interests	4,688	707	6,020	(1,613)
Profit for the period	39,498	26,135	71,860	56,280
Basic Earnings per share (sen)	1.4	0.9	2.5	1.9

(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 30/9/2003 RM'000	*As at 31/12/2002 RM'000
Property, Plant and Equipment		2,589,416	2,751,293
Deferred Expenditure		3,606	3,560
Associated Companies		17,596	16,615
Investments		6,626	7,176
Goodwill on Consolidation		1,179,011	1,179,011
<u>Current Assets</u>			
Inventories		220,870	230,733
Trade Receivables		299,141	281,329
Other Receivables		77,694	79,004
Term Deposits		42,629	23,817
Cash and bank balances		73,410	54,790
		713,744	669,673
<u>Current Liabilities</u>			
Trade Payables		212,721	166,440
Other Payables and accruals		105,779	114,806
Amount due to holding companies		306	1,255
Tax liabilities		7,406	9,520
Borrowings	B9	160,000	219,640
		486,212	511,661
Net Current Assets		227,532	158,012
		4,023,787	4,115,667
<u>Shareholders' Funds</u>			
Share Capital - Ordinary shares of RM0.50 each		1,449,298	1,446,828
Treasury Shares		(1,184)	-
Reserves:			
Share Premium		1,114,291	1,113,648
Capital Reserve		33,968	33,968
Capital Redemption Reserve		159	159
Retained Earnings		534,847	506,392
Exchange Equalisation Reserve		28,082	27,416
Total Reserves		1,711,347	1,681,583
Shareholders' Funds		3,159,461	3,128,411
Minority Interests		36,058	42,470
Long Term Borrowings	B9	660,000	800,000
Provision for Retirement Benefits		20,812	18,359
Deferred Taxation		147,456	126,427
		4,023,787	4,115,667
Net tangible assets per share (RM)		0.68	0.67

(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 30/9/2003 RM'000	Preceding Year To Date 30/9/2002 RM'000
Net Profit before tax	92,100	68,376
Adjustments for :-		
Non-cash items	145,417	130,622
Non-operating items	33,440	35,544
Operating profit before changes in working capital	<u>270,957</u>	<u>234,542</u>
<u>Changes in working capital</u>		
Net change in current assets	(16,114)	(38,282)
Net change in current liabilities	53,203	(14,966)
Retirement benefits paid	(892)	(2,381)
Tax paid	(7,419)	(4,522)
Net cash generated from operating activities	<u>299,735</u>	<u>174,391</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(15,596)	(32,345)
Proceeds from disposal of property, plant and equipment	43,130	13,160
Proceeds from disposal of quoted shares	1,301	-
Other investments	892	985
Net cash generated from/(used in) investing activities	<u>29,727</u>	<u>(18,200)</u>
<u>Cash Flows From Financing Activities</u>		
Proceeds from special issue to Bumiputera	3,458	-
Incidental costs relating to special issue to Bumiputera	(345)	-
Share buy-back	(1,184)	-
Net repayment of borrowings	(199,640)	(35,584)
Interest paid	(50,956)	(51,199)
Dividend paid	(43,405)	(41,669)
Net cash used in financing activities	<u>(292,072)</u>	<u>(128,452)</u>
Net Change in Cash & Cash Equivalents	37,390	27,739
Effects of currency translation	42	1,600
Cash & Cash Equivalents at beginning of the year	78,607	44,600
Cash & Cash Equivalents at end of the period	<u>116,039</u>	<u>73,939</u>

(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	Treasury Shares	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	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>-</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		-	-	-	-	666	-	-	666
Net profit for the year		-	-	-	-	-	71,860	-	71,860
Issuance of shares		2,470	-	643	-	-	-	-	3,113
Dividend paid		-	-	-	-	-	(43,405)	-	(43,405)
Share buy-back		-	(1,184)	-	-	-	-	-	(1,184)
As at 30 September 2003		<u>1,449,298</u>	<u>(1,184)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>28,082</u>	<u>534,847</u>	<u>159</u>	<u>3,159,461</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 current financial quarter, the Company purchased a total of 1,587,400 ordinary shares of its issued share capital from the open market for a total consideration of RM 1.184 million at an average cost of RM 0.75 per share. The share buy-back transaction was financed by internally generated funds. All the shares bought back were retained as treasury shares. During the current quarter under review, the company also repaid RM 140 million of revolving credit facility and drew down RM 20 million of commercial papers. There was no resale or cancellation of treasury shares.

Details of the share buy-back are as follows:

Month	Number of Shares Purchased	Highest Price Paid per Share RM	Lowest Price Paid per Share RM	Average Price Paid per Share RM	Total Amount Paid RM'000
August 2003	1,587,400	0.75	0.74	0.75	1,184

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, amounted 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: -

	9 months ended 30 September			
	Revenue		Profit	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cement & Clinker	940,026	900,896	120,411	93,032
Other building materials	174,849	183,003	4,739	3,950
Ready-mixed concrete	275,204	307,633	(4,292)	(2,132)
Other operations	31,301	31,995	5,269	11,905
	1,421,380	1,423,527	126,127	106,755
Inter-segment elimination	(104,262)	(144,424)	-	-
Total revenue/Profit from operations	1,317,118	1,279,103	126,127	106,755
Interest expenses			(35,007)	(37,220)
Share of results of associates			980	(1,159)
Taxation			(26,260)	(10,483)
Profit after tax			65,840	57,893

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 September 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

In July 2003, the Group acquired the entire issued and paid up share capital of LMCB Holding Pte Ltd (“LMCBH”) in Singapore comprising two (2) ordinary shares of SGD1.00 each, making LMCBH a wholly-owned subsidiary of the Company.

On 18 August 2003, LMCBH acquired from the Company the entire equity interest in Cement Marketing Company (S) Pte Ltd (“CMCS”) and acquired from CMCS and M-Cement Sdn Bhd their respective 50% equity interests in Lafarge Cement Singapore Pte Ltd (“LCS”), PMCWS Enterprises Pte Ltd (“PMCWSE”) and Blue Circle Shipping and Trading Pte Ltd (“BCST”), making CMCS, LCS, PMCWSE and BCST wholly-owned subsidiaries of LMCBH.

On 15 September 2003, SPMS Holdings Sdn Bhd, APMC Resources Sdn Bhd, Juta Integrasi (M) Sdn Bhd and Supermix – PL JV Sdn Bhd; wholly-owned and dormant subsidiaries of the Company have obtained the approval of their shareholders at their respective Extraordinary General Meetings for a Member’s Voluntary winding up.

The above reorganisation is to rationalise and simplify the Group structure.

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 30/9/2003
	RM’000
Contracted but not provided for	13,507
Approved but not contracted for	19,721
	<hr/>
	33,228
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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 30/9/2003 RM'000
Provision of trademark license and general assistance fees payable to Lafarge S.A.	15,287
Insurance premium and brokerage fee charged by Lafarge S.A.	474
Sales of cement and clinker to Cementia Trading AG	75,027
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	11,517
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	1,000
Sales of cement to Marine Cement Ltd	14,111
Sales of cement to United Cement Pte Ltd	363
Services for export sales by Cementia Asia Sdn Bhd	1,233
Time charter hire of vessels to Cement Shipping Company Ltd	8,432
Purchase of raw materials from BCI	111
Purchase of building materials for resale from Cementia Trading AG	2,362
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	6,555
Purchase of building materials for resale from Lafarge Roofing Tiles Sdn Bhd	415
Maintenance of Hardware & Software by Lafarge Asia Pacific Pte Ltd	20
Rental of office premises to Cementia Asia Sdn Bhd	50
Rental of office premises to Lafarge Asia Sdn Bhd	446

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 specialised 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 48.9% to RM 47.2 million compared to RM 31.7 million achieved in the corresponding quarter last year. This was largely attributed to the higher domestic sales compared to the corresponding quarter last year when construction activities and cement consumption were adversely affected by the labour shortage.

Year To Date

Group profit before tax improved 34.6% to RM 92.1 million compared to RM 68.4 million in the corresponding period last year. The better results achieved were mainly due to higher domestic sales arising from the higher cement demand and an improvement in plant performance.

B2. Comparison with Preceding Quarter

	Current Quarter 30/9/2003 RM'000	Preceding Quarter 30/6/2003 RM'000
Revenue	462,665	447,449
Profit before income tax	<u>47,201</u>	<u>51,891</u>

Revenue was higher during the quarter compared to the preceding quarter mainly due to the higher domestic cement sales arising from the higher cement demand. Group profit before tax was, however, lower at RM 47.2 million compared to RM 51.9 million in the preceding quarter mainly due to the higher plant repairs costs incurred and lower production output as a result of the scheduled plant maintenance for the current quarter.

B3. Prospects for the Year 2003

With the improved outlook in the domestic and global economies, the Directors expect the Group to achieve a better set of results in the current financial year compared to 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 September 2003.

B5. Taxation

Taxation comprises the following:

	Current Year Quarter 30/9/2003 RM'000	Current Year to Date 30/9/2003 RM'000
In respect of current period:		
- income tax	(3,319)	(6,211)
- deferred tax	(9,072)	(20,965)
In respect of prior years:		
- income tax	-	916
	<u>(12,391)</u>	<u>(26,260)</u>

The Group effective rate for the 9-month period 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, two units of properties were disposed of for a cash consideration of RM360,000 with a gain of RM113,000. 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 30/9/2003 RM'000	Current Year to Date 30/9/2003 RM'000
Total Purchase	-	346
Total sales proceeds	1,217	1,301
Total profit on disposal	210	220

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

	RM'000
At cost	2,510
Provision for diminution in value	(1,028)
At book value	<u>1,482</u>
At market value	<u>1,856</u>

B8. Status of Corporate Proposals

Proposed Special Issue to Bumiputera Investors

Since the listing and quotation of 4,940,000 shares to approved Bumiputera investors pursuant to the above on 18 April 2003 there has been no subsequent issue. As previously announced, the Company had obtained approval for an 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 approximately 552 million ordinary shares of RM0.50 each.

B9. Group Borrowings

Total Group borrowings (unsecured) as at 30 September 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
Commercial papers	20,000
	<u>160,000</u>

B10. Off Balance Sheet Financial Instruments

As of 13 November 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 (RM)	Outstanding Contract Amount (RM'000)
USD	216	17 Nov 2003 to 28 Nov 2003	3.8013	821
USD	729	24 Nov 2003 to 5 Dec 2003	3.8011	2,771

Forward Contracts Purchased

Currency	Contract Amount (FC'000)	Contract Period	Exchange Rate (RM)	Outstanding Contract Amount (RM'000)
EURO	160	14 Nov 2003 to 21 Nov 2003	4.3445	695
EURO	55	1 Dec 2003	4.4050	242
EURO	134	12 Dec 2003	4.4042	590

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

Earnings per share is calculated as follows:

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
Net profit for the period (RM'000)	39,498	26,135	71,860	56,280
Weighted average number of ordinary shares in issue ('000)	2,896,832	2,893,656	2,896,832	2,893,656
Basic Earnings per shares (sen)	1.4	0.9	2.5	1.9

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: 20 November 2003
Petaling Jaya