

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
	31/12/2003 RM'000	31/12/2002 RM'000	31/12/2003 RM'000	31/12/2002 RM'000
Revenue	430,879	394,902	1,747,997	1,674,005
Operating expenses	(310,140)	(303,295)	(1,364,444)	(1,337,847)
Depreciation	(45,393)	(46,409)	(182,593)	(184,482)
Other operating income	117	131	630	408
Profit from operations	75,463	45,329	201,590	152,084
Finance costs	(10,091)	(11,730)	(45,098)	(48,950)
Share of results of associated companies	(1,262)	(480)	(282)	(1,639)
Profit before taxation	64,110	33,119	156,210	101,495
Taxation	(14,805)	(1,617)	(41,065)	(12,100)
Profit after tax	49,305	31,502	115,145	89,395
Minority Interests	(2,189)	(4,397)	3,831	(6,010)
Profit for the period	47,116	27,105	118,976	83,385
Basic Earnings per share (sen)	1.6	0.9	4.1	2.9

(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
(Formerly known as Malayan Cement Berhad)
(1877-T)
CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31/12/2003 RM'000	*As at 31/12/2002 RM'000
Property, Plant and Equipment		2,566,166	2,751,293
Deferred Expenditure		3,672	3,560
Associated Companies		16,333	16,615
Investments		6,086	7,176
Goodwill on Consolidation		1,180,788	1,179,011
<u>Current Assets</u>			
Inventories		215,683	230,733
Trade Receivables		289,905	281,329
Other Receivables		71,552	79,004
Term Deposits		88,298	23,817
Cash and bank balances		95,136	54,790
		760,574	669,673
<u>Current Liabilities</u>			
Trade Payables		202,832	166,440
Other Payables and accruals		91,888	114,806
Amount due to holding companies		3,395	1,255
Tax liabilities		5,143	9,520
Borrowings	B9	140,000	219,640
		443,258	511,661
Net Current Assets		317,316	158,012
		4,090,361	4,115,667
<u>Shareholders' Funds</u>			
Share Capital - Ordinary shares of RM0.50 each		1,449,298	1,446,828
Treasury Shares		(1,774)	-
Reserves:			
Share Premium		1,114,291	1,113,648
Capital Reserve		33,968	33,968
Capital Redemption Reserve		159	159
Retained Earnings		571,316	495,745
Exchange Equalisation Reserve		30,113	27,416
Total Reserves		1,749,847	1,670,936
Shareholders' Funds		3,197,371	3,117,764
Minority Interests		38,010	42,470
Long Term Borrowings	B9	660,000	800,000
Provision for Retirement Benefits		21,911	18,359
Deferred Taxation		173,069	137,074
		4,090,361	4,115,667
Net tangible assets per share (RM)		0.70	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
(Formerly known as Malayan Cement Berhad)
(1877-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date 31/12/2003 RM'000	Preceding Year To Date 31/12/2002 RM'000
Net Profit before tax	156,210	101,495
Adjustments for :-		
Non-cash items	189,484	188,832
Non-operating items	42,879	48,758
Operating profit before changes in working capital	388,573	339,085
<u>Changes in working capital</u>		
Net change in current assets	12,127	(14,491)
Net change in current liabilities	12,052	(21,576)
Retirement benefits paid	(941)	(2,423)
Tax paid	(9,567)	(12,611)
Net cash generated from operating activities	402,244	287,984
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(40,663)	(47,456)
Proceeds from disposal of property, plant and equipment	46,092	9,994
Purchase of additional equity interests in existing subsidiaries	-	(221,579)
Proceeds from disposal of quoted shares	1,638	-
Other investments	2,051	1,771
Net cash generated from/(used in) investing activities	9,118	(257,270)
<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	(1,738)	-
Net (repayment)/drawdown of borrowings	(219,640)	98,714
Interest paid	(45,489)	(57,000)
Dividend paid	(43,405)	(41,669)
Net cash (used in)/generated from financing activities	(307,159)	45
Net Change in Cash & Cash Equivalents	104,203	30,759
Effects of currency translations	624	3,248
Cash & Cash Equivalents at beginning of the year	78,607	44,600
Cash & Cash Equivalents at end of the year	183,434	78,607

(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
(Formerly known as Malayan Cement Berhad)
(1877-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Capital Reserve RM'000	Exchange Equalisation Reserve RM'000	Retained Earnings RM'000	Capital Redemption Reserve RM'000	Total 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	-	-	-	-	-	(52,716)	-	(52,716)
- as restated	1,446,828	-	1,113,648	33,968	27,416	495,745	159	3,117,764
Exchange translation difference	-	-	-	-	2,697	-	-	2,697
Net profit for the year	-	-	-	-	-	118,976	-	118,976
Issuance of shares	2,470	-	643	-	-	-	-	3,113
Dividend paid	-	-	-	-	-	(43,405)	-	(43,405)
Share buy-back	-	(1,774)	-	-	-	-	-	(1,774)
As at 31 December 2003	1,449,298	(1,774)	1,114,291	33,968	30,113	571,316	159	3,197,371

(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)

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

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 Malaysia Securities Exchange Berhad 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 RM’000	Effect of Change in Policy RM’000	As Restated RM’000
Goodwill on consolidation	1,140,662	38,349	1,179,011
Retained earnings	548,461	(52,716)	495,745
Minority interests	40,092	2,378	42,470
Deferred tax liability	48,387	88,687	137,074
	RM	RM	RM
Net tangible assets per share	0.70	(0.03)	0.67

A2. 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.

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 646,600 ordinary shares of its issued share capital from the open market for a total consideration of RM 0.59 million at an average cost of RM 0.91 per share. The share buy-back transaction was financed by internally generated funds. All the shares bought back were retained as treasury shares. There was no resale or cancellation of treasury shares. During the current quarter under review, the company also repaid RM 20.00 million of commercial papers.

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
December 2003	646,600	0.91	0.89	0.91	590

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 a total pay out of 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: -

	Year ended 31 December			
	Revenue		Profit	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cement & Clinker	1,265,700	1,192,431	184,927	138,124
Other building materials	211,842	207,116	6,439	2,780
Ready-mixed concrete	371,920	408,031	609	(907)
Other operations	46,091	41,347	7,437	10,297
	<u>1,895,553</u>	<u>1,848,925</u>	<u>199,412</u>	<u>150,294</u>
Inter-segment elimination	(147,556)	(174,920)	-	-
Total revenue/Profit from operations	<u>1,747,997</u>	<u>1,674,005</u>	199,412	150,294
Interest expenses			(45,098)	(48,950)
Interest income			2,178	1,790
Share of results of associates			(282)	(1,639)
Taxation			(41,065)	(12,100)
Profit after tax			<u>115,145</u>	<u>89,395</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 31 December 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

On 22 December 2003, Taimet Concrete Industries Sdn. Bhd., a wholly-owned and dormant subsidiary of the Company obtained the approval of its shareholders at an Extraordinary General Meetings for a Member's Voluntary winding up.

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 31/12/2003 RM'000
Contracted but not provided for	9,152
Approved but not contracted for	14,862
	<hr/> 24,014 <hr/>

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 Asia Pacific Pte Ltd	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 31/12/2003 RM'000
Provision of trademark license and general assistance fees payable to Lafarge S.A.	19,792
Insurance premium and brokerage fee charged by Lafarge S.A.	991
Sales of cement and clinker to Cementia Trading AG	90,286
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	17,741
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	1,653
Sales of cement to Marine Cement Ltd	22,541
Sales of cement to United Cement Pte Ltd	363
Services for export sales by Cementia Asia Sdn Bhd	2,097
Time charter hire of vessels to Cement Shipping Company Ltd	11,054
Purchase of raw materials from BCI	111
Purchase of building materials for resale from Cementia Trading AG	4,708
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	8,831
Purchase of building materials for resale from Lafarge Roofing Tiles Sdn Bhd	432
Maintenance of Hardware & Software by Lafarge Asia Pacific Pte Ltd	20
Rental of office premises to Cementia Asia Sdn Bhd	67
Rental of office premises to Lafarge Asia Sdn Bhd	612

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 MALAYSIA SECURITIES EXCHANGE BERHAD LISTING REQUIREMENTS

B1. Review of Group's Performance

Current Quarter

Group profit before tax improved 93.7% to RM 64.1 million compared to RM 33.1 million achieved in the corresponding quarter last year. This was largely attributed to the higher domestic sales and better export prices compared to the corresponding quarter last year when construction activities and cement consumption were adversely affected by the labour shortage. The improvement in plant performance during the quarter also contributed to the better results.

Year To Date

Group profit before tax for the current financial year improved 53.9% to RM 156.2 million from RM 101.5 million in 2002. The better results achieved were mainly due to higher domestic cement sales arising from the higher cement demand and an improvement in plant performance.

B2. Comparison with Preceding Quarter

	Current Quarter 31/12/2003 RM'000	Preceding Quarter 30/9/2003 RM'000
Revenue	<u>430,879</u>	<u>462,665</u>
Profit before income tax	<u>64,110</u>	<u>47,201</u>

Revenue was lower than the preceding quarter mainly due to lower construction activities as a result of the festive seasons during the quarter. Group profit before tax was, however, higher at RM 64.1 million compared to RM 47.2 million in the preceding quarter mainly due to higher production output and lower maintenance and production costs. The improvement in operating performance of the ready-mixed concrete business as well as the lower finance cost also contributed to the better profit during the current quarter.

B3. Prospects for the Year 2004

With the improved outlook in the domestic and global economies, the construction sector in Malaysia should continue to be active in 2004 with improved demand for cement and other building materials. However, the construction sector has been affected by supply constraint in steel products in recent months and this may have some effect on construction activities in 2004. Plant performance is expected to continue to improve but efficiency gains may be pared by rising fuel prices. No significant improvement is expected from the operations in Singapore as construction demand there is expected to remain flat. The Board expects the Group's results for the financial year ending 31 December 2004 to improve but the extent of such improvement will depend on the impact of the aforementioned factors.

B4. Profit Forecast and Profit Guarantee

The group did not publish any profit forecast or profit guarantee during the financial quarter ended 31 December 2003.

B5. Taxation

Taxation comprises the following:

	Current Year Quarter 31/12/2003 RM'000	Current Year to Date 31/12/2003 RM'000
In respect of current period:		
- income tax	(2,651)	(8,862)
- deferred tax	(14,885)	(35,850)
In respect of prior years:		
- income tax	2,731	3,647
	<u>(14,805)</u>	<u>(41,065)</u>

The Group effective rate for the current financial year is lower than the applicable statutory tax rates in Malaysia and Singapore mainly due to the write-back of prior years' provision for taxation.

B6. Unquoted Investments and/or Properties

During the quarter under review, a property was disposed of for a cash consideration of RM200,000 with a gain of RM90,800. 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 31/12/2003 RM'000	Current Year to Date 31/12/2003 RM'000
Total Purchase	-	346
Total sales proceeds	482	1,783
Total profit on disposal	111	331

b) Investment in quoted securities as at 31 December 2003 is as follows: -

	RM'000
At cost	1,871
Provision for diminution in value	(761)
At book value	<u>1,110</u>
At market value	<u>1,526</u>

B8. Status of Corporate Proposals

Proposed Special Issue to Bumiputera Investors

On 30 January 2004, it was announced that the Foreign Investment Committee had by the letter dated 20 January 2004 approved an extension of time until 31 December 2005 for the Company to complete the implementation of the Special Issue to Bumiputera Investors.

B9. Group Borrowings

Total Group borrowings (unsecured) as at 31 December 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
	<u>140,000</u>

B10. Off Balance Sheet Financial Instruments

As of 13 February 2004, 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	800	18 February 2004 to 27 February 2004	3.8014	3,041
USD	1,600	26 February 2004 to 8 March 2004	3.8018	6,083
USD	1,200	8 March 2004 to 15 March 2004	3.8019	4,562

Forward Contracts Purchased

Currency	Contract Amount (FC'000)	Contract Period	Exchange Rate (RM)	Outstanding Contract Amount (RM'000)
EURO	100	13 February 2004 to 20 February 2004	4.8320	483
EURO	100	8 March 2004 to 19 March 2004	4.8343	483
EURO	100	13 April 2004 to 23 April 2004	4.8362	484
EURO	100	10 May 2004 to 21 May 2004	4.8384	484
EURO	100	14 June 2004 to 25 June 2004	4.8386	484
EURO	100	12 July 2004 to 23 July 2004	4.8390	484
EURO	100	16 August 2004 to 27 August 2004	4.8397	484
EURO	285	2 April 2004 to 7 April 2004	4.8740	1,392

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

An interim tax-exempt dividend of 2.0 sen per ordinary share has been declared on the ordinary shares of RM0.50 each in the share capital in respect of the financial year ended 31 December 2003. As at 24 February 2004, the total number of ordinary shares of RM0.50 each (net of treasury shares) stands at 2,879,574,356 shares, equivalent to a total payout of RM57.6 million compared to tax-exempt dividend of 1.5 sen per ordinary share, equivalent to a total payout of RM43.5 million on 2,893,655,156 ordinary shares of RM0.50 each for the financial year ended 31 December 2002. The dividend is payable on 27 April 2004.

Notice is hereby given that the Register of Members will be closed on 29 March 2004 for the purpose of determining shareholders' entitlements. The entitlement date for the payment of dividend is 29 March 2004.

A depositor shall qualify for the entitlement only in respect of :-

- (a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 29 March 2004 in respect of ordinary transfers; and
- (b) Securities transferred into the Depositor's Securities Account before 12.30 pm. on 25 March 2004 in respect of securities exempted from mandatory deposit; and
- (c) Securities bought on the Malaysia Securities Exchange Berhad on a cum entitlement basis according to the Rules of the Malaysia Securities Exchange Berhad.

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)	47,116	27,105	118,976	83,385
Weighted average number of ordinary shares in issue (‘000)	2,896,778	2,893,656	2,896,778	2,893,656
Basic Earnings per shares (sen)	1.6	0.9	4.1	2.9

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: 24 February 2004
Petaling Jaya