

**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
	31/3/2004 RM'000	31/3/2003 RM'000	31/3/2004 RM'000	31/3/2003 RM'000
<b>Revenue</b>	<b>428,600</b>	<b>407,004</b>	<b>428,600</b>	<b>407,004</b>
Operating expenses	(354,172)	(357,767)	(354,172)	(357,767)
Depreciation	(43,161)	(45,822)	(43,161)	(45,822)
Other operating income	201	162	201	162
<b>Profit from operations</b>	<b>31,468</b>	<b>3,577</b>	<b>31,468</b>	<b>3,577</b>
Finance cost	(9,064)	(11,701)	(9,064)	(11,701)
Share of results of associates	(213)	1,132	(213)	1,132
<b>Profit/(loss) before tax</b>	<b>22,191</b>	<b>(6,992)</b>	<b>22,191</b>	<b>(6,992)</b>
Taxation	(4,907)	340	(4,907)	340
<b>Profit/(loss) after tax</b>	<b>17,284</b>	<b>(6,652)</b>	<b>17,284</b>	<b>(6,652)</b>
Minority interests	590	1,302	590	1,302
<b>Net profit/(loss) for the period</b>	<b>17,874</b>	<b>(5,350)</b>	<b>17,874</b>	<b>(5,350)</b>
Basic Earnings per share (sen)	0.6	(0.2)	0.6	(0.2)

*(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2003)*

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**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	As at 31/3/2004 RM'000	As at 31/12/2003 RM'000
Property, Plant and Equipment		2,491,689	2,566,166
Deferred Expenditure		3,626	3,672
Associates		16,120	16,333
Investments		5,514	5,896
Deferred Tax Assets		93,724	116,867
Goodwill on Consolidation		1,179,011	1,179,011
<b><u>Current Assets</u></b>			
Inventories		230,794	215,683
Trade Receivables		280,965	288,860
Other Receivables		73,452	73,519
Term Deposits		7,768	88,298
Cash and bank balances		111,785	97,832
		<b>704,764</b>	<b>764,192</b>
<b><u>Current Liabilities</u></b>			
Trade Payables		207,711	203,391
Other Payables and accruals		74,519	87,429
Amount due to holding and related companies		3,583	3,395
Provisions		5,750	5,423
Tax liabilities		7,190	5,143
Borrowings	B9	166,839	140,128
		<b>465,592</b>	<b>444,909</b>
Net Current Assets		<b>239,172</b>	<b>319,283</b>
		<b>4,028,856</b>	<b>4,207,228</b>
<b><u>Shareholders' Funds</u></b>			
Share Capital - Ordinary shares of RM0.50 each		1,449,298	1,449,298
Treasury Shares		(17,271)	(1,774)
Reserves:			
Share Premium		1,114,291	1,114,291
Capital Reserve		33,968	33,968
Capital Redemption Reserve		159	159
Retained Earnings		589,190	571,316
Exchange Equalisation Reserve		31,510	30,113
Total Reserves		<b>1,769,118</b>	<b>1,749,847</b>
Shareholders' Funds		<b>3,201,145</b>	<b>3,197,371</b>
Minority Interests		36,411	38,010
Long Term Borrowings	B9	500,000	660,000
Provision for Retirement Benefits		22,902	21,911
Deferred Tax Liabilities		268,398	289,936
		<b>4,028,856</b>	<b>4,207,228</b>
Net tangible assets per share (RM)		<b>0.70</b>	<b>0.70</b>

*(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2003)*

**LAFARGE MALAYAN CEMENT BERHAD**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Current Year To Date 31/3/2004 RM'000</b>	<b>Preceding Year To Date 31/3/2003 RM'000</b>
Net Profit/(Loss) before tax	22,191	(6,992)
Adjustments for :-		
Non-cash items	41,302	45,752
Non-operating items	8,320	11,519
Operating profit before changes in working capital	71,813	50,279
<u>Changes in working capital</u>		
Net change in current assets	(7,597)	10,525
Net change in current liabilities	(604)	27,094
Retirement benefits paid	(332)	(121)
Tax paid	(1,333)	(1,473)
Net cash generated from operating activities	61,947	86,304
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(3,691)	(3,417)
Proceeds from disposal of property, plant and equipment	39,996	1,546
Proceeds from disposal of quoted shares	729	-
Purchase of quoted shares	-	(50)
Other investments	744	198
Net cash generated from/(used in) investing activities	37,778	(1,723)
<u>Cash Flows From Financing Activities</u>		
Share buy-back	(15,497)	-
Net (repayment)/drawdown of borrowings	(133,161)	(49,840)
Interest paid	(17,017)	(27,693)
Net cash used in financing activities	(165,675)	(77,533)
	(65,950)	7,048
Net Change in Cash & Cash Equivalents		
Effects of currency translations	(499)	(1,200)
Cash & Cash Equivalents at beginning of the period	186,002	78,607
Cash & Cash Equivalents at end of the period	119,553	84,455

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2003)*

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Share Premium RM'000</b>	<b>Capital Reserve RM'000</b>	<b>Exchange Equalisation Reserve RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Capital Redemption Reserve RM'000</b>	<b>Total RM'000</b>
As at 1 January 2004	1,449,298	(1,774)	1,114,291	33,968	30,113	571,316	159	3,197,371
Exchange translation difference	-	-	-	-	1,397	-	-	1,397
Net profit for the period	-	-	-	-	-	17,874	-	17,874
Share buy-back	-	(15,497)	-	-	-	-	-	(15,497)
As at 31 March 2004	<u>1,449,298</u>	<u>(17,271)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>31,510</u>	<u>589,190</u>	<u>159</u>	<u>3,201,145</u>
As at 1 January 2003	1,446,828	-	1,113,648	33,968	27,416	506,654	159	3,128,673
Exchange translation difference	-	-	-	-	(1,593)	-	-	(1,593)
Net loss for the period	-	-	-	-	-	(5,350)	-	(5,350)
As at 31 March 2003	<u>1,446,828</u>	<u>-</u>	<u>1,113,648</u>	<u>33,968</u>	<u>25,823</u>	<u>501,304</u>	<u>159</u>	<u>3,121,730</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 2003)*

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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 Bursa Malaysia Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2003.

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 2003.

**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 quarter.

#### A6. Capital Issues, Dealings in Own Shares and Repayment of Debt

During the current quarter, the Company purchased a total of 16,786,900 ordinary shares of its issued share capital from the open market for a total consideration of RM15.5 million at an average cost of RM0.92 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 RM140 million of fixed rate term loans.

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
January 2004	15,963,900	0.93	0.90	0.92	14,755
February 2004	823,000	1.03	0.90	0.90	742

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

No dividend has been paid during the current quarter under review.

#### A8. Segmental Information

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

	3 months ended 31 March			
	Revenue		Profit	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cement & Clinker	318,672	297,814	24,893	2,314
Other building materials	43,210	46,992	2,508	2,390
Ready-mixed concrete	92,245	86,645	(157)	(2,015)
Other operations	14,405	8,615	3,480	706
	468,532	440,066	30,724	3,395
Inter-segment elimination	(39,932)	(33,062)	-	-
Total revenue/profit from operations	428,600	407,004	30,724	3,395
Finance cost			(9,064)	(11,701)
Interest income			744	182
Share of results of associates			(213)	1,132
Profit/(loss) before tax			22,191	(6,992)
Taxation			(4,907)	340
Profit/(loss) after tax			17,284	(6,652)

**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 March 2004 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 material changes in the composition of the Group during the financial period.

**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:

	<b>As at 31/3/2004 RM'000</b>
Approved and contracted for	8,187
Approved but not contracted for	16,732
	<hr/>
	<b>24,919</b>
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#### A14. Related Party Transactions

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

<b>Name of Related Parties</b>	<b>Relationship</b>
Lafarge S.A.	Ultimate holding company 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.

<b>Description of Transactions</b>	<b>Current Year to Date 31/3/2004 RM'000</b>
Provision of trademark license and general assistance fees payable to Lafarge S.A.	5,163
Insurance premium and brokerage fee charged by Lafarge S.A.	65
Sales of cement and clinker to Cementia Trading AG	18,465
Sales of cement to Marine Cement Ltd	21,402
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	5,958
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	439
Time charter hire of vessels to Cement Shipping Company Ltd	1,250
Services for export sales by Cementia Asia Sdn Bhd	536
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	2,057
Purchase of building materials for resale from Lafarge Roofing Tiles Sdn Bhd	106
Purchase of building materials for resale from Cementia Trading AG	6,735
Rental of office premises to Lafarge Asia Sdn Bhd	168
Rental of office premises to Cementia Asia Sdn Bhd	17
Maintenance of Hardware & Software by Lafarge Asia Pacific Pte Ltd	20

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 trademark license and general assistance, 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 BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of Group's Performance**

**Current Quarter**

Group profit before tax improved 417% to RM22.2 million compared to a loss of RM7.0 million 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 were still at the early stage of recovery from the labour shortage. More favourable export prices, improvement in plant performance and lower repairs and maintenance costs (partly due to timing of scheduled plant shutdown) during the current quarter also contributed to the better results.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31/3/2004 RM'000</b>	<b>Preceding Quarter 31/12/2003 RM'000</b>
Revenue	428,600	430,879
Profit before income tax	<u>22,191</u>	<u>64,110</u>

Revenue was lower than the preceding quarter mainly due to lower construction activities as a result of the festive season during the current quarter. Group profit before tax was lower at RM22.2 million compared to RM64.1 million in the preceding quarter mainly due to lower selling prices, lower production output and higher repair and maintenance costs incurred during the current quarter under review.

**B3. Prospects for the Year 2004**

The positive outlook in the domestic and global economies and the robust housing sector should underpin construction demand. However, although cement consumption in the quarter under review was ahead of the corresponding period in the previous year, the problem of supply constraint in steel bars has affected cement demand, which if it continues, will have an adverse impact on the rest of the year. Plant performance is expected to improve but efficiency gains are likely to be negated by rising fuel prices and other material costs. The Group's results for the financial year ending 31 December 2004 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 current quarter ended 31 March 2004.

**B5. Taxation**

Taxation comprises the following:

	<b>Current Year Quarter 31/3/2004 RM'000</b>	<b>Current Year to Date 31/3/2004 RM'000</b>
In respect of current period:		
- income tax	3,374	3,374
- deferred tax	1,533	1,533
	4,907	4,907

The Group effective tax rate for the 3-month period is lower than the applicable statutory tax rate in Malaysia as a result of deferred tax write-back arising from the change in statutory tax rate in Singapore from 22% to 20%.

**B6. Unquoted Investments and/or Properties**

During the current quarter under review, a marine vessel was disposed of for a net cash consideration of RM39.1 million resulting in a gain on disposal of RM3.9 million. There was no disposal of unquoted investments and properties.

**B7. Quoted Securities**

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

	<b>Current Year Quarter 31/3/2004 RM'000</b>	<b>Current Year to Date 31/3/2004 RM'000</b>
Total purchase	-	-
Total sales proceeds	729	729
Total profit on disposal	289	289

b) Investment in quoted securities as at 31 March 2004 is as follows: -

At cost	1,204
Less: Allowance for diminution in value	(478)
At book value	726
At market value	943

## 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.

It was announced on 12 May 2004 that the Securities Commission had approved a similar extension of time to complete the Special Issue.

## B9. Group Borrowings

Total Group borrowings (unsecured) as at 31 March 2004 were as follows:-

	<b>RM'000</b>
<u>Long-term borrowings</u>	
Term Unsecured Loan incorporating preference shares	<u>500,000</u>
<u>Short-term borrowings</u>	
Syndicated term loan	115,000
Term Unsecured Loan incorporating preference shares	45,000
Onshore foreign currency loan	<u>6,839</u>
	<u>166,839</u>

## B10. Off Balance Sheet Financial Instruments

As of 6 May 2004, the forward foreign exchange contracts which have been entered into by the Group are as follows:-

### Forward Contracts Purchased

Currency	Contract Amount (FC'000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
EURO	3,147	11 February 2004 to 26 April 2004	4 May 2004 to 29 December 2004	14,751

### Forward Contracts Sold

Currency	Contract Amount (FC'000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
USD	7,184	14 April 2004 to 5 May 2004	16 April 2004 to 2 July 2004	27,314

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 or 4% per ordinary share, amounting to RM57.591 million has been declared on the ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2003. The dividend was paid on 27 April 2004.

**B13. Earnings per share**

Earnings per share is calculated as follows:

	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
Net profit/(loss) for the period (RM'000)	17,874	(5,350)	17,874	(5,350)
Weighted average number of ordinary shares in issue ('000)	2,881,043	2,893,656	2,881,043	2,893,656
<b>Basic Earnings per shares (sen)</b>	<b>0.6</b>	<b>(0.2)</b>	<b>0.6</b>	<b>(0.2)</b>

Fully diluted earnings per share for the financial period on account of the effect 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: 13 May 2004

Petaling Jaya, Selangor Darul Ehsan.