

LAFARGE 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
	30/6/2004 RM'000	30/6/2003 RM'000	30/6/2004 RM'000	30/6/2003 RM'000
Revenue	443,382	447,449	871,982	854,453
Operating expenses	(359,384)	(338,916)	(713,556)	(696,683)
Depreciation	(43,030)	(45,842)	(86,191)	(91,664)
Other operating income	485	376	686	538
Profit from operations	41,453	63,067	72,921	66,644
Finance cost	(8,129)	(11,166)	(17,193)	(22,867)
Share of results of associates	(194)	(10)	(407)	1,122
Profit before tax	33,130	51,891	55,321	44,899
Taxation	(6,582)	(14,209)	(11,489)	(13,869)
Profit after tax	26,548	37,682	43,832	31,030
Minority interests	(1,722)	30	(1,132)	1,332
Net profit for the period	24,826	37,712	42,700	32,362
Basic Earnings per share (sen)	0.9	1.3	1.5	1.1

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

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30/6/2004 RM'000	As at 31/12/2003 RM'000
Property, Plant and Equipment		2,454,263	2,566,166
Deferred Expenditure		4,747	3,672
Associates		15,926	16,333
Investments		5,718	5,896
Deferred Tax Assets		83,413	116,867
Goodwill on Consolidation		1,179,011	1,179,011
<u>Current Assets</u>			
Inventories		233,429	215,683
Trade Receivables		277,471	288,860
Other Receivables		79,719	73,519
Amount due from holding and related companies		839	-
Term Deposits		7,202	88,298
Cash and bank balances		98,549	97,832
		697,209	764,192
<u>Current Liabilities</u>			
Trade Payables		189,243	203,391
Other Payables and accruals		81,143	87,429
Amount due to holding and related companies		-	3,395
Provisions		5,221	5,423
Tax liabilities		7,910	5,143
Short-term Borrowings	B9	160,000	140,128
		443,517	444,909
Net Current Assets		253,692	319,283
		3,996,770	4,207,228
<u>Shareholders' Funds</u>			
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		556,425	571,316
Exchange Equalisation Reserve		29,241	30,113
Total Reserves		1,716,813	1,749,847
Shareholders' Funds		3,166,111	3,197,371
Minority Interests		37,109	38,010
Long-term Borrowings	B9	500,000	660,000
Provision for Retirement Benefits		23,864	21,911
Deferred Tax Liabilities		269,686	289,936
		3,996,770	4,207,228
Net tangible assets per share (RM)		0.69	0.70

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

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date 30/6/2004 RM'000	Preceding Year To Date 30/6/2003 RM'000
<u>Cash Flows From Operating Activities</u>		
Net Profit before tax	55,321	44,899
Adjustments for:-		
Non-cash items	89,396	93,216
Non-operating items	15,733	22,283
Operating profit before changes in working capital	160,450	160,398
<u>Changes in working capital</u>		
Net change in current assets	(11,239)	(6,298)
Net change in current liabilities	(18,623)	25,100
Retirement benefits paid	(2,386)	(524)
Tax paid	(4,418)	(3,643)
Net cash generated from operating activities	123,784	175,033
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(11,887)	(7,887)
Proceeds from disposal of property, plant and equipment	40,978	2,642
Proceeds from disposal of / (Purchase of) quoted shares	729	(262)
Other investments	201	465
Net cash generated from/(used in) investing activities	30,021	(5,042)
<u>Cash Flows From Financing Activities</u>		
Net proceeds from special issue to Bumiputera	-	3,113
Share buy-back	(15,497)	-
Net repayment of borrowings	(140,000)	(76,340)
Dividend paid by subsidiaries to minority shareholders	(1,976)	-
Interest paid	(18,809)	(31,457)
Dividend paid	(57,591)	(43,405)
Net cash used in financing activities	(233,873)	(148,089)
Net Change in Cash & Cash Equivalents	(80,068)	21,902
Effects of currency translations	(183)	(874)
Cash & Cash Equivalents at beginning of the period	186,002	78,607
Cash & Cash Equivalents at end of the period	105,751	99,635

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

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2004	1,449,298	(1,774)	1,114,291	33,968	30,113	571,316	159	3,197,371
Exchange translation difference	-	-	-	-	(872)	-	-	(872)
Net profit for the period	-	-	-	-	-	42,700	-	42,700
Share buy-back	-	(15,497)	-	-	-	-	-	(15,497)
Dividend paid	-	-	-	-	-	(57,591)	-	(57,591)
As at 30 June 2004	<u>1,449,298</u>	<u>(17,271)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>29,241</u>	<u>556,425</u>	<u>159</u>	<u>3,166,111</u>
As at 1 January 2003	1,446,828	-	1,113,648	33,968	27,416	506,392	159	3,128,411
Exchange translation difference	-	-	-	-	(1,564)	-	-	(1,564)
Net profit for the period	-	-	-	-	-	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>-</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 2003)

LAFARGE 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 Listing Requirements of Bursa Malaysia Securities Berhad, 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

For the current year to date, the Company has 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. The Company also repaid RM140 million of fixed rate term loans during the current year to date.

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 period under review.

A7. Dividend Paid

An interim tax-exempt dividend of 2.0 sen or 4% per ordinary share, amounting to RM57.591 million declared on the ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2003 was paid on 27 April 2004.

A8. Segmental Information

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

	6 months ended 30 June			
	Revenue		Profit	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cement & Clinker	633,547	626,107	62,963	61,247
Other building materials	98,644	100,087	3,794	3,537
Ready-mixed concrete	193,339	179,130	3,470	(1,832)
Other operations	28,015	18,583	1,518	3,107
	<u>953,545</u>	<u>923,907</u>	<u>71,745</u>	<u>66,059</u>
Inter-segment elimination	(81,563)	(69,454)	-	-
Total revenue/profit from operations	<u>871,982</u>	<u>854,453</u>	<u>71,745</u>	<u>66,059</u>
Finance cost			(17,193)	(22,867)
Interest income			1,176	585
Share of results of associates			(407)	1,122
Profit before tax			<u>55,321</u>	<u>44,899</u>
Taxation			(11,489)	(13,869)
Profit after tax			<u>43,832</u>	<u>31,030</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 period ended 30 June 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 current 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:

	As at 30/6/2004 RM'000
Approved and contracted for	13,363
Approved but not contracted for	16,165
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	29,528
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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
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 Roofing Systems 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 30/6/2004 RM'000
Provision of trademark license and general assistance fees payable to Lafarge S.A.	10,289
Insurance premium and brokerage fee charged by Lafarge S.A.	27
Sales of cement and clinker to Cementia Trading AG	45,806
Sales of cement to Marine Cement Ltd	31,287
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	1,120
Time charter hire of vessels to Cement Shipping Company Ltd	7,172
Services for export sales by Cementia Asia Sdn Bhd	1,025
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	4,974
Rental of office premises to Lafarge Asia Sdn Bhd	340
Rental of office premises to Cementia Asia Sdn Bhd	34
Maintenance of Hardware & Software by 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 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 THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

B1. Review of Group's Performance

Current Quarter

Group profit before tax for the current quarter under review was RM33.1 million, compared to RM51.9 million in the corresponding quarter last year. The lower pre-tax profit was largely due to the lower domestic cement sales in the current quarter, as cement demand was brought down by lower construction activities largely attributed to the supply constraint in steel bars and completion of several large infrastructure projects. The lower cement demand led to keener competition and resulted in lower domestic selling prices during the current quarter. Lower production output, higher repairs and maintenance costs (partly due to timing of scheduled shutdown) and higher fuel costs also affected the current quarter results.

Current Year To Date

Group profit before tax improved to RM55.3 million compared to RM44.9 million in the corresponding period last year, despite lower domestic selling prices and higher fuel costs. This was mainly attributed to the better results achieved in the ready-mix operation, marginally higher domestic cement sales, higher export volume and prices, better plant performance as well as lower financing costs.

B2. Comparison with Preceding Quarter

	Current Quarter 30/6/2004 RM'000	Preceding Quarter 31/3/2004 RM'000
Revenue	<u>443,382</u>	<u>428,600</u>
Profit before income tax	<u>33,130</u>	<u>22,191</u>

Revenue was higher during the current quarter, as the preceding quarter was affected by lower construction activities as a result of the festive season. Group profit before tax was higher at RM33.1 million compared to RM22.2 million in the preceding quarter. This was mainly due to the higher revenue, higher clinker production and lower repair and maintenance costs during the current quarter.

B3. Prospects for the remaining months in Year 2004

Cement demand for the current half-year has been affected by a slow down in construction activities due to the supply constraint in steel bars and the completion of several large infrastructure projects. This is also putting pressure on prices. Construction activities and cement demand are not expected to get better before the end of the year although the recent announcement of an additional development expenditure allocation by the Government may help to trigger an improvement in construction activities. Plant performance is expected to improve but efficiency gains are likely to be negated by rising fuel prices and other material costs. With all the foregoing factors militating against the industry, it is not expected that the performance of the Group for the current financial year will improve over that of last year, especially as the result of the second half of last year was boosted by a high level of construction activities.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 June 2004.

B5. Taxation

Taxation comprises the following:

	Current Year Quarter 30/6/2004 RM'000	Current Year to Date 30/6/2004 RM'000
In respect of current period:		
- income tax	631	4,005
- deferred tax	5,951	7,484
	<u>6,582</u>	<u>11,489</u>

The Group effective tax rate for the current year to date is lower than the statutory tax rate of 28% in Malaysia mainly due to the availability of tax credit refundable from Singapore tax authorities and deferred tax write-back arising from the change in statutory tax rate in Singapore from 22% to 20%.

B6. Unquoted Investments and/or Properties

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

B7. Quoted Securities

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

	Current Year Quarter 30/6/2004 RM'000	Current Year to Date 30/6/2004 RM'000
Total purchase	-	-
Total sales proceeds	-	729
Total profit on disposal	-	289

b) Investment in quoted securities as at 30 June 2004 is as follows: -

	RM'000
At cost	1,406
Less: Allowance for diminution in value	(478)
At book value	<u>928</u>
At market value	<u>1,007</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.

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 30 June 2004 were as follows:-

	RM'000
<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	<u>45,000</u>
	<u>160,000</u>
Total Group borrowings (unsecured)	<u><u>660,000</u></u>

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

As of 20 August 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	1,600	24 February 2004 to 18 August 2004	23 August 2004 to 29 December 2004	7,442

Forward Contracts Sold

Currency	Contract Amount (FC'000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
USD	9,716	11 May 2004 to 18 August 2004	23 August 2004 to 31 January 2005	37,032

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

No dividend has been declared for the current quarter ended 30 June 2004.

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)	24,826	37,712	42,700	32,362
Weighted average number of ordinary shares in issue (‘000)	2,879,575	2,897,361	2,882,510	2,897,361
Basic Earnings per shares (sen)	0.9	1.3	1.5	1.1

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: 27 August 2004
Petaling Jaya, Selangor Darul Ehsan.