

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 |
| | 30/9/2004 RM'000 | 30/9/2003 RM'000 | 30/9/2004 RM'000 | 30/9/2003 RM'000 |
| Revenue | 454,956 | 462,665 | 1,326,938 | 1,317,118 |
| Operating expenses | (386,369) | (357,621) | (1,099,926) | (1,054,304) |
| Depreciation | (42,117) | (45,536) | (128,308) | (137,200) |
| Other operating income/(expense) | 220 | (25) | 906 | 513 |
| Profit from operations | 26,690 | 59,483 | 99,610 | 126,127 |
| Finance cost | (7,901) | (12,140) | (25,094) | (35,007) |
| Share of results of associates | (187) | (142) | (594) | 980 |
| Profit before tax | 18,602 | 47,201 | 73,922 | 92,100 |
| Taxation | (4,089) | (12,391) | (15,578) | (26,260) |
| Profit after tax | 14,513 | 34,810 | 58,344 | 65,840 |
| Minority interests | 829 | 4,688 | (303) | 6,020 |
| Net profit for the period | 15,342 | 39,498 | 58,041 | 71,860 |
| Basic Earnings per share (sen) | 0.5 | 1.4 | 2.0 | 2.5 |

(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 30/9/2004 RM'000 | As at 31/12/2003 RM'000 |
|--|------|------------------------------|-------------------------------|
| Property, Plant and Equipment | | 2,429,421 | 2,566,166 |
| Deferred Expenditure | | 632 | 3,672 |
| Associates | | 15,964 | 16,333 |
| Investments | | 5,399 | 5,896 |
| Deferred Tax Assets | | 79,621 | 116,867 |
| Goodwill on Consolidation | | 1,179,011 | 1,179,011 |
| <u>Current Assets</u> | | | |
| Inventories | | 252,693 | 215,683 |
| Trade Receivables | | 297,397 | 288,860 |
| Other Receivables | | 89,852 | 73,519 |
| Amount due from holding and related companies | | 512 | - |
| Term Deposits | | 30,807 | 88,298 |
| Cash and bank balances | | 80,333 | 97,832 |
| | | 751,594 | 764,192 |
| <u>Current Liabilities</u> | | | |
| Trade Payables | | 196,061 | 203,391 |
| Other Payables and accruals | | 77,869 | 87,429 |
| Amount due to holding and related companies | | - | 3,395 |
| Provisions | | 4,951 | 5,423 |
| Tax liabilities | | 8,212 | 5,143 |
| Short-term Borrowings | B9 | 160,000 | 140,128 |
| | | 447,093 | 444,909 |
| Net Current Assets | | 304,501 | 319,283 |
| | | 4,014,549 | 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 | | 571,766 | 571,316 |
| Exchange Equalisation Reserve | | 31,250 | 30,113 |
| Total Reserves | | 1,751,434 | 1,749,847 |
| Shareholders' Funds | | 3,183,461 | 3,197,371 |
| Minority Interests | | 36,334 | 38,010 |
| Long-term Borrowings | B9 | 500,000 | 660,000 |
| Provision for Retirement Benefits | | 24,908 | 21,911 |
| Deferred Tax Liabilities | | 269,846 | 289,936 |
| | | 4,014,549 | 4,207,228 |
| Net tangible assets per share (RM) | | 0.70 | 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 30/9/2004 RM'000 | Preceding Year To Date 30/9/2003 RM'000 |
|---|--|--|
| <u>Cash Flows From Operating Activities</u> | | |
| Net Profit before tax | 73,922 | 92,100 |
| Adjustments for:- | | |
| Non-cash items | 137,420 | 145,417 |
| Non-operating items | 22,988 | 33,440 |
| Operating profit before changes in working capital | 234,330 | 270,957 |
| <u>Changes in working capital</u> | | |
| Net change in current assets | (60,133) | (16,114) |
| Net change in current liabilities | (9,678) | 53,203 |
| Retirement benefits paid | (2,667) | (892) |
| Tax paid | (6,658) | (7,419) |
| Net cash generated from operating activities | 155,194 | 299,735 |
| <u>Cash Flows From Investing Activities</u> | | |
| Purchase of property, plant and equipment | (27,023) | (15,596) |
| Proceeds from disposal of property, plant and equipment | 42,043 | 43,130 |
| Proceeds from disposal of quoted shares | 985 | 1,301 |
| Other investments | 1,245 | 892 |
| Net cash generated from investing activities | 17,250 | 29,727 |
| <u>Cash Flows From Financing Activities</u> | | |
| Net proceeds from special issue to Bumiputera | - | 3,113 |
| Share buy-back | (15,497) | (1,184) |
| Net repayment of borrowings | (140,000) | (199,640) |
| Dividend paid by subsidiaries to minority shareholders | (1,995) | - |
| Interest paid | (32,970) | (50,956) |
| Dividend paid | (57,591) | (43,405) |
| Net cash used in financing activities | (248,053) | (292,072) |
| Net Change in Cash & Cash Equivalents | (75,609) | 37,390 |
| Effects of currency translations | 747 | 42 |
| Cash & Cash Equivalents at beginning of the period | 186,002 | 78,607 |
| Cash & Cash Equivalents at end of the period | 111,140 | 116,039 |

(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 | - | - | - | - | 1,137 | - | - | 1,137 |
| Net profit for the period | - | - | - | - | - | 58,041 | - | 58,041 |
| Share buy-back | - | (15,497) | - | - | - | - | - | (15,497) |
| Dividend paid | - | - | - | - | - | (57,591) | - | (57,591) |
| As at 30 September 2004 | <u>1,449,298</u> | <u>(17,271)</u> | <u>1,114,291</u> | <u>33,968</u> | <u>31,250</u> | <u>571,766</u> | <u>159</u> | <u>3,183,461</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 | - | - | - | - | 666 | - | - | 666 |
| Net profit for the period | - | - | - | - | - | 71,860 | - | 71,860 |
| Issuance of shares | 2,470 | - | 643 | - | - | - | - | 3,113 |
| Share buy-back | - | (1,184) | - | - | - | - | - | (1,184) |
| Dividend paid | - | - | - | - | - | (43,405) | - | (43,405) |
| 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 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 16,787,000 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 RM100 million of fixed rate term loans and RM40 million Term Unsecured Loan Incorporating Preference Shares 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 |
| September 2004 | 100 | 0.81 | 0.81 | 0.81 | _* |

* RM94.

Save as disclosed above, there were no other issuance and repayment of debt and equity securities, share buy-back, 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: -

| | 9 months ended 30 September | | | |
|--------------------------------------|-----------------------------|----------------|----------------|----------------|
| | Revenue | | Profit/(loss) | |
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Cement & Clinker | 954,024 | 940,026 | 86,637 | 119,065 |
| Other building materials | 157,056 | 174,849 | 5,287 | 4,739 |
| Ready-mixed concrete | 299,479 | 275,204 | 3,176 | (4,292) |
| Other operations | 42,992 | 31,301 | 2,714 | 5,269 |
| | 1,453,551 | 1,421,380 | 97,814 | 124,781 |
| Inter-segment elimination | (126,613) | (104,262) | - | - |
| Total revenue/profit from operations | 1,326,938 | 1,317,118 | 97,814 | 124,781 |
| Finance cost | | | (25,094) | (35,007) |
| Interest income | | | 1,796 | 1,346 |
| Share of results of associates | | | (594) | 980 |
| Profit before tax | | | 73,922 | 92,100 |
| Taxation | | | (15,578) | (26,260) |
| Profit after tax | | | 58,344 | 65,840 |

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 September 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 follows:

| | As at 30/9/2004 RM'000 |
|---------------------------------|---------------------------------------|
| Approved and contracted for | 30,156 |
| Approved but not contracted for | 42,566 |
| | <hr/> |
| | <u>72,722</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 |
|---------------------------------|---|
| 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 30/9/2004 RM'000 |
|--|--|
| Provision of trademark license and general assistance fees payable to Lafarge S.A. | 15,221 |
| Sales of cement and clinker to Cementia Trading AG | 62,678 |
| Sales of cement to Marine Cement Ltd | 45,018 |
| Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd | 1,818 |
| Time charter hire of vessels to Cement Shipping Company Ltd | 11,417 |
| Services for export sales by Cementia Asia Sdn Bhd | 1,681 |
| Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd | 6,865 |
| Rental of office premises to Lafarge Asia Sdn Bhd | 497 |
| Rental of office premises to Cementia Asia Sdn Bhd | 50 |
| Maintenance of Hardware & Software by Lafarge Asia Sdn Bhd | 727 |

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 RM18.6 million, compared to RM47.2 million in the corresponding quarter last year. The lower pre-tax profit was largely due to lower domestic cement demand, lower selling prices and higher production costs primarily as a result of the increase in cost of fuel.

Current Year To Date

Group profit before tax for the current year to date was RM73.9 million, RM18.2 million lower than corresponding period last year of RM92.1 million mainly attributed to lower domestic cement demand, lower domestic selling prices and higher production costs mainly due to higher fuel prices.

B2. Comparison with Preceding Quarter

| | Current Quarter 30/9/2004 RM'000 | Preceding Quarter 30/6/2004 RM'000 |
|-------------------|---|---|
| Revenue | 454,956 | 443,382 |
| Profit before tax | 18,602 | 33,130 |

Revenue was higher during the current quarter, due to higher sales of domestic cement and ready-mixed concrete. Group profit before tax was however lower at RM18.6 million compared to RM33.1 million in the preceding quarter due to lower domestic selling prices and higher production costs.

B3. Prospects for the remaining months in Year 2004

Cement demand for the current year to date 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 which in turn resulted in keener competition and lower domestic selling prices. Construction activities and cement demand are not expected to get better before the end of the year. Plant performance is expected to improve but efficiency gains are negated by rising fuel prices and other material costs. The results of the Group for the current financial year therefore will not be better than that of last year, which was boosted by a high level of construction activity in the second half.

B4. Profit Forecast and Profit Guarantee

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

B5. Taxation

Taxation comprises the following:

| | Current Year Quarter 30/9/2004 RM'000 | Current Year to Date 30/9/2004 RM'000 |
|-------------------------------|--|--|
| In respect of current period: | | |
| - income tax | 318 | 4,323 |
| - deferred tax | 3,771 | 11,255 |
| | <u>4,089</u> | <u>15,578</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 30/9/2004 RM'000 | Current Year to Date 30/9/2004 RM'000 |
|--------------------------|--|--|
| Total purchase | - | - |
| Total sales proceeds | 255 | 985 |
| Total profit on disposal | 55 | 345 |

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

| | |
|---|---------------|
| | RM'000 |
| At cost | 1,079 |
| Less: Allowance for diminution in value | (469) |
| At book value | <u>610</u> |
| At market value | <u>810</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 September 2004 are 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 17 November 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 | 972 | 24 February 2004 to 12 November 2004 | 18 November 2004 to 10 February 2005 | 4,717 |

Forward Contracts Sold

| Currency | Contract Amount (FC'000) | Date of Contract | Value Date of Contract | Equivalent Amount (RM'000) |
|-----------------|---------------------------------|------------------------------------|--|-----------------------------------|
| USD | 4,849 | 11 May 2004 to 12 November 2004 | 12 November 2004 to 31 January 2005 | 18,486 |

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 September 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) | 15,342 | 39,498 | 58,041 | 71,860 |
| Weighted average number of ordinary shares in issue (‘000) | 2,879,575 | 2,896,832 | 2,881,532 | 2,896,832 |
| Basic Earnings per shares (sen) | 0.5 | 1.4 | 2.0 | 2.5 |

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: 23 November 2004
Petaling Jaya, Selangor Darul Ehsan.