

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
	31/12/2004 RM'000	31/12/2003 RM'000	31/12/2004 RM'000	31/12/2003 RM'000
Revenue	434,617	430,879	1,761,555	1,747,997
Operating expenses	(356,070)	(310,140)	(1,455,996)	(1,364,444)
Depreciation	(42,630)	(45,393)	(170,938)	(182,593)
Other operating income	203	117	1,109	630
Profit from operations	36,120	75,463	135,730	201,590
Finance cost	(8,463)	(10,091)	(33,557)	(45,098)
Share of results of associates	2,114	(1,262)	1,520	(282)
Profit before tax	29,771	64,110	103,693	156,210
Taxation	(4,292)	(14,805)	(19,870)	(41,065)
Profit after tax	25,479	49,305	83,823	115,145
Minority interests	(745)	(2,189)	(1,048)	3,831
Net profit for the period	24,734	47,116	82,775	118,976
Basic Earnings per share (sen)	0.9	1.6	2.9	4.1

(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 31/12/2004 RM'000	As at 31/12/2003 RM'000
Property, Plant and Equipment		2,421,849	2,566,166
Deferred Expenditure		614	3,672
Investment in Associates		421	16,333
Other Investments		5,316	5,896
Deferred Tax Assets		100,358	116,867
Goodwill on Consolidation		1,188,025	1,179,011
<u>Current Assets</u>			
Inventories		286,093	215,683
Trade Receivables		281,224	288,860
Other Receivables		126,466	73,519
Term Deposits		37,430	88,298
Cash and bank balances		103,170	97,832
		834,383	764,192
<u>Current Liabilities</u>			
Trade Payables		219,505	203,391
Other Payables and accruals		90,900	87,429
Amount due to holding and related companies		1,512	3,395
Provisions		-	5,423
Tax liabilities		8,003	5,143
Short-term Borrowings	B9	160,116	140,128
		480,036	444,909
Net Current Assets		354,347	319,283
		4,070,930	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		596,500	571,316
Exchange Equalisation Reserve		34,918	30,113
Total Reserves		1,779,836	1,749,847
Shareholders' Funds		3,211,863	3,197,371
Minority Interests		36,820	38,010
Long-term Borrowings	B9	500,020	660,000
Provision for Retirement Benefits		25,898	21,911
Deferred Tax Liabilities		296,329	289,936
		4,070,930	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 31/12/2004 RM'000	Preceding Year To Date 31/12/2003 RM'000
<u>Cash Flows From Operating Activities</u>		
Net Profit before tax	103,693	156,210
Adjustments for:-		
Non-cash items	167,111	189,722
Non-operating items	30,814	42,879
Operating profit before changes in working capital	<u>301,618</u>	<u>388,811</u>
<u>Changes in working capital</u>		
Net change in current assets	(78,330)	3,274
Net change in current liabilities	10,660	23,236
Retirement benefits paid	(1,326)	(941)
Tax paid	(8,768)	(9,556)
Net cash generated from operating activities	<u>223,854</u>	<u>404,824</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(65,252)	(40,663)
Proceeds from disposal of property, plant and equipment	52,421	46,092
Proceeds from disposal of quoted shares	1,018	1,638
Acquisition of a subsidiary	(9,113)	-
Other investment activities	1,372	2,040
Net cash (used in)/generated from investing activities	<u>(19,554)</u>	<u>9,107</u>
<u>Cash Flows From Financing Activities</u>		
Net proceeds from special issue to Bumiputera investors	-	3,113
Share buy-back	(15,497)	(1,738)
Net repayment of borrowings	(140,023)	(219,640)
Dividend paid by subsidiaries to minority shareholders	(2,285)	-
Interest paid	(35,036)	(45,489)
Dividend paid	(57,591)	(43,405)
Net cash used in financing activities	<u>(250,432)</u>	<u>(307,159)</u>
Net Change in Cash & Cash Equivalents	(46,132)	106,772
Effects of currency translations	730	623
Cash & Cash Equivalents at beginning of the period	186,002	78,607
Cash & Cash Equivalents at end of the period	<u>140,600</u>	<u>186,002</u>

(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	-	-	-	-	4,805	-	-	4,805
Net profit for the period	-	-	-	-	-	82,775	-	82,775
Share buy-back	-	(15,497)	-	-	-	-	-	(15,497)
Dividend paid	-	-	-	-	-	(57,591)	-	(57,591)
As at 31 December 2004	<u>1,449,298</u>	<u>(17,271)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>34,918</u>	<u>596,500</u>	<u>159</u>	<u>3,211,863</u>
As at 1 January 2003	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 period	-	-	-	-	-	118,976	-	118,976
Issuance of shares	2,470	-	643	-	-	-	-	3,113
Share buy-back	-	(1,774)	-	-	-	-	-	(1,774)
Dividend paid	-	-	-	-	-	(43,405)	-	(43,405)
As at 30 December 2003	<u>1,449,298</u>	<u>(1,774)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>30,113</u>	<u>571,316</u>	<u>159</u>	<u>3,197,371</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 RM57.6 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: -

	Year ended 31 December			
	Revenue		Profit/(loss)	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cement & Clinker	1,255,529	1,265,700	111,784	184,927
Other building materials	209,845	211,842	6,973	6,439
Ready-mixed concrete & Aggregates	412,549	374,591	4,211	999
Other operations	54,643	43,420	10,329	7,047
	1,932,566	1,895,553	133,297	199,412
Inter-segment elimination	(171,011)	(147,556)	-	-
Total revenue/profit from operations	1,761,555	1,747,997	133,297	199,412
Finance cost			(33,557)	(45,098)
Interest income			2,433	2,178
Share of results of associates			1,520	(282)
Profit before tax			103,693	156,210
Taxation			(19,870)	(41,065)
Profit after tax			83,823	115,145

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 31 December 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 except for the following items:

- (i) On 8 September 2004, the Group subscribed for 100,000 ordinary shares of S\$1.00 each representing a 30.3% interest in the issued and paid up share capital of Morelastic Green Resources Pte Ltd (“MGR”), a company incorporated in Singapore for a cash consideration of S\$100,000. MGR will be supplying used tyre to the Group as an alternative fuel. On 2 November 2004, the Group further subscribed for 130,000 ordinary shares of S\$1.00 each for a cash consideration of S\$130,000 increasing its interest to 50% in the issued and paid up share capital of MGR.
- (ii) On 15 October 2004, the Group entered into a share purchase agreement with the shareholders of Mutiara Kuari Sdn Bhd (“MKSB”), a company incorporated in Malaysia, to acquire the entire issued and paid up share capital of MKSB, comprising 1,000,000 ordinary shares of RM1.00 each for a cash consideration of RM15.0 million. MKSB’s principal activities are in the mining and supply of aggregates. The acquisition was completed on 25 November 2004.
- (iii) On 25 November 2004, APMC Resources Sdn Bhd, a subsidiary of the Group placed under voluntary liquidation on 15 September 2003, was officially dissolved.
- (iv) On 31 December 2004, Kedah Cement Holdings Bhd (“KCHB”), a wholly-owned subsidiary, disposed of its entire 49% interest in the issued and paid up share capital of United Cement Pte Ltd (“UC”) for a cash consideration of S\$9,107,572 (approximately RM21.1 million). In addition, KCHB will receive its 49% share of future net receipts by UC arising from the legal proceedings which UC had instituted against third parties on the construction of a defective silo. As the proceedings are still on going, the amount receivable cannot be ascertained at this stage.

A12. Contingent Liabilities

The Group has no material 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 31/12/2004 RM’000
Approved and contracted for	13,185
Approved but not contracted for	39,573
	<u>52,758</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 Tiles 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 31/12/2004 RM'000
Provision of trademark licence and general assistance fees payable to Lafarge S.A.	19,762
Insurance premium and brokerage fee charged by Lafarge S.A.	91
Specific technical assistance by Lafarge S.A.	1,273
Sales of cement and clinker to Cementia Trading AG	86,532
Sales of cement to Marine Cement Ltd	60,234
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	2,357
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	20,166
Time charter hire of vessels to Cement Shipping Company Ltd	14,731
Services for export sales by Cementia Asia Sdn Bhd	2,532
Purchase of cement and clinker from Cementia Trading AG	37,524
Purchase of building materials for resale from Lafarge Roofing Tiles Sdn Bhd	323
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	10,638
Rental of office premises to Lafarge Asia Sdn Bhd	670
Rental of office premises to Cementia Asia Sdn Bhd	67
Maintenance of hardware & software by Lafarge Asia Sdn Bhd	1,112

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 unrelated parties where comparable services or purchases are obtainable from them. 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 RM29.8 million, compared to RM64.1 million in the corresponding quarter last year. The lower pre-tax profit was largely due to lower domestic cement demand, lower domestic 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 RM103.7 million, RM52.5 million lower than corresponding period last year of RM156.2 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 31/12/2004 RM'000	Preceding Quarter 30/9/2004 RM'000
Revenue	434,617	454,956
Profit before tax	29,771	18,602

Revenue was lower than the preceding quarter mainly due to lower construction activities as a result of the festive seasons and lower selling prices during the current quarter. Group profit before tax was however higher at RM29.8 million compared to RM18.6 million in the preceding quarter due to the timing of scheduled plant maintenance and gains on disposal of fixed assets and investments. The results were however affected by the higher fuel costs and lower selling prices during the quarter.

B3. Prospects for Year 2005

The Board recognises the positive outlook of the domestic and global economies for 2005 and its impact on the international prices of cement and clinker. However, the level of activity in the Malaysian construction industry and the level of the cement market remain uncertain for 2005. No improvement is expected from the operations in Singapore as construction demand there is expected to remain soft. Recent development in Malaysia resulting in further consolidation of the cement industry is positive for market stability but competition is expected to remain keen in the short term. Current year's prices in the export market are however expected to improve compared to 2004 due to a tightening of supply in the international market. Plant performance is expected to improve further but fuel prices and other material costs will remain high. Improvement of Group's results for the financial year ending 31 December 2005 will largely depend on the level of domestic cement demand and cement prices stability.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 December 2004.

B5. Taxation

Taxation comprises the following:

	Current Year Quarter 31/12/2004 RM'000	Current Year to Date 31/12/2004 RM'000
In respect of current period:		
- income tax charge/(credit)	(3,572)	751
- deferred tax	6,570	17,825
Real Property Gain Tax	985	985
Share of tax of associates	309	309
	<u>4,292</u>	<u>19,870</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

During the current quarter, three marine vessels were disposed of for a net cash consideration of RM11.7 million resulting in a gain on disposal of RM3.9 million.

Save as disclosed above, there was no other disposal of unquoted investments and properties.

B7. Quoted Securities

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

	Current Year Quarter 31/12/2004 RM'000	Current Year to Date 31/12/2004 RM'000
Total purchase	-	-
Total sales proceeds	33	1,018
Total profit on disposal	3	348

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

	RM'000
At cost	994
Less: Allowance for diminution in value	(412)
At book value	<u>582</u>
At market value	<u>833</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 31 December 2004 are as follows:-

	RM'000
<u>Long-term borrowings</u>	
Term Unsecured Loan incorporating preference shares	500,000
Hire-purchase creditors	20
	<u>500,020</u>
<u>Short-term borrowings</u>	
Syndicated term loan	115,000
Term Unsecured Loan Incorporating Preference Shares	45,000
Hire-purchase creditors	116
	<u>160,116</u>
Total Group borrowings (unsecured)	<u><u>660,136</u></u>

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

As of 21 February 2005, 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	1,546	3 January 2005 to 17 February 2005	14 February 2005 to 15 July 2005	7,675

Forward Contracts Sold

Currency	Contract Amount (FC'000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
USD	9,557	2 December 2004 to 2 February 2005	14 February 2005 to 31 May 2005	36,321

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 dividend of gross 2.75 sen or 5.5% per ordinary share less 28% tax has been declared on the ordinary shares of RM0.50 each in the share capital in respect of the financial year ended 31 December 2004. Total dividend payable amount to RM57.0 million compared to tax-exempt dividend of 2.0 sen or 4% per ordinary share, equivalent to a total payout of RM57.6 million for the financial year ended 31 December 2003. The dividend is payable on 4 May 2005.

Notice is hereby given that the Register of Members will be closed on 5 April 2005 for the purpose of determining shareholders' entitlements. The entitlement date for the payment of dividend is 5 April 2005.

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 5 April 2005 in respect of ordinary transfers; and
- (b) Securities transferred into the Depositor's Securities Account before 12.30 p.m. on 1 April 2005 in respect of securities exempted from mandatory deposit; and
- (c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities 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)	24,734	47,116	82,775	118,976
Weighted average number of ordinary shares in issue (‘000)	2,879,575	2,896,777	2,881,043	2,896,777
Basic Earnings per shares (sen)	0.9	1.6	2.9	4.1

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: 28 February 2005
Petaling Jaya, Selangor Darul Ehsan.