

PRESS RELEASE

Kuala Lumpur, 27 May 2005

Lafarge Malayan Cement Berhad Released its First Quarter 2005 Results

Lafarge Malayan Cement Berhad (LMCB) reported a 2.6% decline in revenue in the first quarter of 2005. This is the net impact of lower cement demand and lower selling prices compensated by higher readymix concrete sales and higher export prices. The lower revenue with unfavourable sales mix and the increase in cost of fuel resulted in the Group reported pre-tax loss of RM21.6 million for the quarter compared to pre-tax profit of RM22.9 million in the corresponding quarter in 2004.

Alain Crouÿ, President and CEO said, "Domestic cement selling prices were already under pressure last year. Since the beginning of 2005, keen competition for volume in a slowing down market has resulted in an acceleration of the price decrease. The price war will end when industry players realise that pushing the prices down to gain volume cannot be a way to compensate for the market slowdown and that prices of cement have to be reasonable to provide the cement industry a decent return on investment."

Crouÿ added that, "Whilst the business environment is not favourable, we are continuing to focus on improving our own performance and mobilising our people to achieve the vision we have set for ourselves as the leader of the cement industry to compete effectively and to make the Group stronger in the future."

On the outlook for 2005, Crouÿ said that the rising fuel costs and the keen competition with the resulting lower selling prices is expected to have a negative impact on the results of the Group for the current financial year. The recent announcement by Government to bring forward RM2.25 billion worth of development projects from the 9th Malaysia Plan is welcome and may have a positive impact on the construction industry and the cement market in the later part of the year. The Group is also helped this year by the increase in export prices and the relocation of a cement mill from its Langkawi plant to its Rawang plant which will bring better service to its customers in the Centre market and lower logistic costs starting in July.

The results of the Group for 2005 will largely depend on the level of cement prices and cement demand for the rest of the year.

The Company will be holding its Annual General Meeting on Monday, 30 May 2005. For the financial year ended 2004, Lafarge Malayan Cement Berhad reported a revenue of RM1.76 billion and a pre-tax profit of RM103.7 million.

ADDITIONAL INFORMATION

Lafarge Malayan Cement Berhad (LMCB) is the leader of the Malaysian cement industry and a major player in the Asian export market. It was incorporated in 1950 with its first cement plant built in Malaysia in 1953. LMCB is today the parent of a group of companies in Malaysia and Singapore whose core businesses are in the manufacturing and sale of cement, ready-mixed concrete and other related building materials. LMCB currently employs 2000 people and operates a nationwide network of facilities which include 3 integrated cement plants in Langkawi, Kanthan and Rawang, one grinding plant in Pasir Gudang and distribution channels by road, rail and sea. Additional information is available on the website at www.lafarge-mcement.com.my.

Lafarge, the world leader in building materials, holds top-ranking positions in all four of its Divisions: Cement, Aggregates & Concrete, Roofing and Gypsum. Lafarge employs 77,000 people in 75 countries and posted sales of €14.4 billion in 2004. Additional information is available on the web site at www.lafarge.com.

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