

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
	31/3/2005 RM'000	31/3/2004 RM'000	31/3/2005 RM'000	31/3/2004 RM'000
Revenue	418,153	428,600	418,153	428,600
Operating expenses	(390,952)	(354,916)	(390,952)	(354,916)
Depreciation	(42,254)	(43,161)	(42,254)	(43,161)
Investment income	202	201	202	201
Interest income	682	744	682	744
(Loss)/Profit from operations	(14,169)	31,468	(14,169)	31,468
Finance cost	(7,249)	(9,064)	(7,249)	(9,064)
Share of results of associates	(89)	(213)	(89)	(213)
(Loss)/Profit before tax	(21,507)	22,191	(21,507)	22,191
Taxation	8,074	(4,907)	8,074	(4,907)
(Loss)/Profit after tax	(13,433)	17,284	(13,433)	17,284
Minority interests	(389)	590	(389)	590
Net (loss)/profit for the period	(13,822)	17,874	(13,822)	17,874
Basic Earnings per share (sen)	(0.5)	0.6	(0.5)	0.6

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)
CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31/3/2005 RM'000	As at 31/12/2004 RM'000
Property, Plant and Equipment		2,384,489	2,421,849
Deferred Expenditure		614	614
Investment in Associates		327	421
Other Investments		5,242	5,316
Deferred Tax Assets		102,525	100,358
Goodwill on Consolidation		1,188,532	1,188,025
<u>Current Assets</u>			
Inventories		291,698	286,093
Trade Receivables		293,589	281,224
Other Receivables		100,331	126,466
Amount due by holding and related companies		306	-
Term Deposits		23,118	37,430
Cash and bank balances		33,615	103,170
		742,657	834,383
<u>Current Liabilities</u>			
Trade Payables		211,818	219,505
Other Payables and accruals		72,910	90,900
Amount due to holding and related companies		-	1,512
Tax liabilities		9,489	8,003
Short-term Borrowings	B9	80,082	160,116
		374,299	480,036
Net Current Assets		368,358	354,347
<u>Long-Term and Deferred Liabilities</u>			
Long-term Borrowings	B9	500,000	500,020
Provision for Retirement Benefits		26,582	25,898
Deferred Tax Liabilities		290,296	296,329
		816,878	822,247
Minority Interests		35,290	36,820
		3,197,919	3,211,863
<u>Shareholders' Funds</u>			
Share Capital - Ordinary shares of RM0.50 each		1,449,298	1,449,298
Treasury Shares		(17,271)	(17,271)
Reserves:			
Share Premium		1,114,291	1,114,291
Capital Reserve		33,968	33,968
Capital Redemption Reserve		159	159
Retained Earnings		582,678	596,500
Exchange Equalisation Reserve		34,796	34,918
Total Reserves		1,765,892	1,779,836
		3,197,919	3,211,863
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 2004)

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date 31/3/2005 RM'000	Preceding Year To Date 31/3/2004 RM'000
<u>Cash Flows From Operating Activities</u>		
Net (Loss)/Profit before tax	(21,507)	22,191
Adjustments for:-		
Non-cash items	36,973	41,302
Non-operating items	6,567	8,320
Operating profit before changes in working capital	<u>22,033</u>	<u>71,813</u>
<u>Changes in working capital</u>		
Net change in current assets	(3,976)	(7,597)
Net change in current liabilities	(11,866)	(604)
Retirement benefits paid	(747)	(332)
Tax paid	(829)	(1,333)
Net cash generated from operating activities	<u>4,615</u>	<u>61,947</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(7,645)	(3,691)
Proceeds from disposal of property, plant and equipment	312	39,996
Proceeds from disposal of quoted shares	-	729
Additional purchase consideration paid for a subsidiary acquired in 2004	(5,397)	-
Purchase of additional equity interests in existing subsidiaries	(492)	-
Proceeds from disposal of an associate	21,105	-
Other investment activities	682	744
Net cash generated from investing activities	<u>8,565</u>	<u>37,778</u>
<u>Cash Flows From Financing Activities</u>		
Share buy-back	-	(15,497)
Net repayment of borrowings	(80,054)	(133,161)
Dividend paid by subsidiaries to minority shareholders	(2,244)	-
Interest paid	(14,477)	(17,017)
Net cash used in financing activities	<u>(96,775)</u>	<u>(165,675)</u>
Net Change in Cash & Cash Equivalents	(83,595)	(65,950)
Effects of currency translations	(272)	(499)
Cash & Cash Equivalents at beginning of the period	140,600	186,002
Cash & Cash Equivalents at end of the period	<u>56,733</u>	<u>119,553</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)

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 2005	1,449,298	(17,271)	1,114,291	33,968	34,918	596,500	159	3,211,863
Exchange translation difference	-	-	-	-	(122)	-	-	(122)
Net loss for the period	-	-	-	-	-	(13,822)	-	(13,822)
As at 31 March 2005	<u>1,449,298</u>	<u>(17,271)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>34,796</u>	<u>582,678</u>	<u>159</u>	<u>3,197,919</u>
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>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)

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 2004.

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 2004.

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

To date, the Company has purchased a total of 19,021,000 ordinary shares of its issued share capital from the open market for a total consideration of RM17.3 million at an average cost of RM0.91 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 RM115 million of fixed rate term loans and RM45 million Term Unsecured Loan Incorporating Preference Shares.

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
Purchases prior to 2005	19,021,000	1.03	0.74	0.91	17,271

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 dividend of gross 2.75 sen or 5.5% per ordinary share less 28% tax, amounting to RM57.0 million declared on the ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2004 was paid on 4 May 2005.

A8. Segmental Information

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

	3 months ended 31 March			
	Revenue		Profit/(loss)	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cement & Clinker	286,335	318,672	(16,844)	24,893
Ready-mixed concrete & Aggregates	107,533	93,473	(1,417)	107
Other building materials	49,370	43,210	835	2,508
Other operations	16,162	13,177	2,575	3,216
	459,400	468,532	(14,851)	30,724
Inter-segment elimination	(41,247)	(39,932)	-	-
Total Revenue/(Loss)/profit from operations	418,153	428,600	(14,851)	30,724
Interest income			682	744
Finance cost			(7,249)	(9,064)
Share of results of associates			(89)	(213)
(Loss)/Profit before tax			(21,507)	22,191
Taxation			8,074	(4,907)
(Loss)/Profit after tax			(13,433)	17,284

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 2005 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 quarter except for the following items:

- (i) In January 2005, Juta Integrasi (M) Sdn. Bhd., SPMS Holdings Sdn. Bhd. and Taimet Concrete Industries Sdn. Bhd., subsidiaries of the Group under liquidation in 2003, were officially dissolved.
- (ii) On 6 January 2005, Simen Angkut Sdn. Bhd., a subsidiary of the Group was placed under members' voluntary liquidation.
- (iii) On 14 March 2005, Supermix Concrete (M) Sdn. Bhd. ("SPMM"), a subsidiary of the Group, which owned 43% of Supermix Asia Pte. Ltd. ("SPMA") acquired the remaining 57% equity interest in SPMA from Supermix Concrete Pte. Ltd. ("SPMS") comprising 684,000 ordinary shares of S\$1.00 each of the issued and paid up share capital of SPMA, for a cash consideration of USD1,500,000 (approximately RM5.7 million). SPMA is a joint venture vehicle of SPMS and SPMM. Its principal business activity is investment holding and it currently holds 70% equity interest in Supermix Concrete (Vietnam) Co. Ltd. ("SPMV"), a ready-mixed venture of the Group in Vietnam. With this acquisition, SPMA has become a wholly-owned subsidiary of SPMM and the Group's effective interest in SPMV has increased to 43.3% from 38.9% previously.
- (iv) On 28 March 2005, the Group acquired the entire issued and paid up share capital of M-Creation Sdn. Bhd. (M-Creation) comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00. M-Creation was incorporated as a shelf company in Malaysia on 7 February 2005. The acquisition of M-Creation is not expected to have any effect on the Group's earnings for 2005.

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 31/3/2005 RM'000
Approved and contracted for	5,590
Approved but not contracted for	50,720
	<hr/> 56,310 <hr/>

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 31/3/2005 RM'000
Provision of trademark licence and general assistance fees payable to Lafarge S.A.	4,723
Insurance premium and brokerage fee charged by Lafarge S.A.	28
Specific technical assistance fee charged by Lafarge S.A.	210
Sales of cement and clinker to Cementia Trading AG	24,331
Sales of cement to Marine Cement Ltd	8,895
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	492
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	4,078
Time charter hire of vessels to Cement Shipping Company Ltd	3,707
Services for export sales by Cementia Asia Sdn Bhd	419
Purchase of cement and clinker from Cementia Trading AG	12,699
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	2,645
Rental of office premises to Lafarge Asia Sdn Bhd	165
Rental of office premises to Cementia Asia Sdn Bhd	17
Maintenance of hardware & software by Lafarge Asia Sdn Bhd	349

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

For the current quarter under review, the Group incurred a loss before tax of RM21.5 million compared to a profit before tax of RM22.2 million in the corresponding quarter last year. This was largely due to lower domestic cement demand and the lower domestic selling prices as a result of keen competition in Peninsular Malaysia, and higher production costs primarily as a result of higher fuel prices, mitigated by higher export prices.

B2. Comparison with Preceding Quarter

	Current Quarter 31/3/2005 RM'000	Preceding Quarter 31/12/2004 RM'000
Revenue	418,153	434,617
(Loss)/Profit before tax	<u>(21,507)</u>	<u>29,771</u>

Revenue was lower than the preceding quarter mainly due to lower construction activities as a result of the festive season and lower domestic selling prices in Peninsular Malaysia during the current quarter. The Group incurred a loss before tax of RM21.5 million compared to a profit before tax of RM29.8 million in the preceding quarter mainly due to lower domestic selling prices, lower domestic cement demand and higher production costs due to timing of scheduled plant maintenance, mitigated by higher export prices.

B3. Prospects for Year 2005

Cement demand for the current year to date has been affected by a slow down in public construction activities, lower civil engineering activity and the shortage of foreign workers in the country. The recent announcement of the government to bring forward RM2.25 billion 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 keener competition for volume has also resulted in significantly lower domestic selling prices compared to last year. Current year's prices in the export market have improved and are expected to remain higher than 2004 level due to a tightening of supply in the international market. However, the keen competition in the domestic market and the rising fuel costs are expected to have a negative impact on the results of the Group for the current financial year and the extent of such impact largely depends on cement prices and the level of domestic cement demand for the remaining months.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 March 2005.

B5. Taxation

Taxation comprises the following:

	Current Year Quarter 31/3/2005 RM'000	Current Year to Date 31/3/2005 RM'000
In respect of current period:		
- income tax charge	56	56
- deferred tax credit	(8,130)	(8,130)
	<u>(8,074)</u>	<u>(8,074)</u>

B6. Unquoted Investments and/or Properties

There was no disposal of unquoted investments and properties.

B7. Quoted Securities

- a) There was no purchase or disposal of quoted securities during the quarter under review.
- b) Investment in quoted securities as at 31 March 2005 is as follows: -

	RM'000
At cost	994
Less: Allowance for diminution in value	<u>(412)</u>
At book value	<u>582</u>
At market value	<u>929</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 March 2005 are as follows:-

	RM'000
<u>Long-term borrowings</u>	
Term Unsecured Loan incorporating preference shares	500,000
<u>Short-term borrowings</u>	
Commercial Papers	80,000
Hire-purchase creditors	82
	<u>80,082</u>
Total Group borrowings (unsecured)	<u><u>580,082</u></u>

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

As of 20 May 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	844	4 February 2005 to 3 May 2005	16 May 2005 to 15 July 2005	4,167

Forward Contracts Sold

Currency	Contract Amount (FC'000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
USD	16,994	4 May 2005	16 May 2005 to 30 December 2005	64,371

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 31 March 2005.

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 (loss)/profit for the period (RM'000)	(13,822)	17,874	(13,822)	17,874
Weighted average number of ordinary shares in issue (‘000)	2,879,575	2,881,043	2,879,575	2,881,043
Basic Earnings per shares (sen)	(0.5)	0.6	(0.5)	0.6

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 May 2005
Petaling Jaya, Selangor Darul Ehsan.