

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
	30/6/2005 RM'000	30/6/2004 RM'000	30/6/2005 RM'000	30/6/2004 RM'000
Revenue	420,202	443,382	838,355	871,982
Operating expenses	(411,138)	(359,816)	(802,090)	(714,732)
Depreciation	(42,258)	(43,030)	(84,512)	(86,191)
Investment income	233	485	435	686
Interest income	423	432	1,105	1,176
(Loss)/Profit from operations	(32,538)	41,453	(46,707)	72,921
Finance cost	(6,554)	(8,129)	(13,803)	(17,193)
Share of results of associates	(106)	(194)	(195)	(407)
(Loss)/Profit before tax	(39,198)	33,130	(60,705)	55,321
Taxation	12,437	(6,582)	20,511	(11,489)
(Loss)/Profit after tax	(26,761)	26,548	(40,194)	43,832
Minority interests	(187)	(1,722)	(576)	(1,132)
Net (loss)/profit for the period	(26,948)	24,826	(40,770)	42,700
Basic Earnings per share (sen)	(0.9)	0.9	(1.4)	1.5

(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 30/6/2005 RM'000	As at 31/12/2004 RM'000
Property, Plant and Equipment		2,357,807	2,421,849
Deferred Expenditure		70	614
Investment in Associates		210	421
Other Investments		5,242	5,316
Deferred Tax Assets		119,489	100,358
Goodwill on Consolidation		1,188,576	1,188,025
<u>Current Assets</u>			
Inventories		271,723	286,093
Trade Receivables		299,494	281,224
Other Receivables		106,254	126,466
Term Deposits		22,560	37,430
Cash and bank balances		49,532	103,170
		749,563	834,383
<u>Current Liabilities</u>			
Trade Payables		196,294	219,505
Other Payables and accruals		86,532	90,900
Amount due to holding and related companies		91	1,512
Tax liabilities		9,046	8,003
Short-term Borrowings	B9	160,000	160,116
		451,963	480,036
Net Current Assets		297,600	354,347
<u>Long-Term and Deferred Liabilities</u>			
Long-term Borrowings	B9	500,000	500,020
Provision for Retirement Benefits		27,604	25,898
Deferred Tax Liabilities		294,369	296,329
		821,973	822,247
Minority Interests		35,723	36,820
		3,111,298	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		498,714	596,500
Exchange Equalisation Reserve		32,139	34,918
Total Reserves		1,679,271	1,779,836
		3,111,298	3,211,863
Net tangible assets per share (RM)		0.67	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 30/6/2005 RM'000	Preceding Year To Date 30/6/2004 RM'000
<u>Cash Flows From Operating Activities</u>		
Net (Loss)/Profit before tax	(60,705)	55,321
Adjustments for:-		
Non-cash items	81,755	87,708
Non-operating items	12,677	15,733
Operating profit before changes in working capital	<u>33,727</u>	<u>158,762</u>
<u>Changes in working capital</u>		
Net change in current assets	2,299	(11,239)
Net change in current liabilities	(17,572)	(18,623)
Retirement benefits paid	(1,154)	(698)
Tax paid	(3,790)	(4,418)
Net cash generated from operating activities	<u>13,510</u>	<u>123,784</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(22,733)	(11,887)
Proceeds from disposal of property, plant and equipment	508	40,978
Proceeds from disposal of quoted shares	-	729
Additional purchase consideration paid for a subsidiary acquired in 2004	(5,470)	-
Purchase of additional equity interests in existing subsidiaries	(492)	-
Proceeds from disposal of an associate	21,105	-
Other investment activities	1,120	201
Net cash (used in)/generated from investing activities	<u>(5,962)</u>	<u>30,021</u>
<u>Cash Flows From Financing Activities</u>		
Share buy-back	-	(15,497)
Net repayment of borrowings	(136)	(140,000)
Dividend paid by subsidiaries to minority shareholders	(2,244)	(1,976)
Interest paid	(15,935)	(18,809)
Dividend paid	(57,016)	(57,591)
Net cash used in financing activities	<u>(75,331)</u>	<u>(233,873)</u>
Net Change in Cash & Cash Equivalents	(67,783)	(80,068)
Effects of currency translations	(725)	(183)
Cash & Cash Equivalents at beginning of the period	140,600	186,002
Cash & Cash Equivalents at end of the period	<u>72,092</u>	<u>105,751</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	-	-	-	-	(2,779)	-	-	(2,779)
Net loss for the period	-	-	-	-	-	(40,770)	-	(40,770)
Dividend paid	-	-	-	-	-	(57,016)	-	(57,016)
As at 30 June 2005	<u>1,449,298</u>	<u>(17,271)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>32,139</u>	<u>498,714</u>	<u>159</u>	<u>3,111,298</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	-	-	-	-	(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>

(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 Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” (previously known as MASB 26) 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

During the current financial period ended 30 June 2005, the Company repaid RM115 million of fixed rate term loans and RM45 million Term Unsecured Loan Incorporating Preference Shares.

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: -

	6 months ended 30 June			
	Revenue		Profit/(loss)	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cement & Clinker	568,642	633,547	(55,959)	62,963
Ready-mixed concrete & Aggregates	226,767	195,716	92	3,817
Other building materials	101,631	98,644	1,969	3,794
Other operations	40,432	25,638	6,086	1,171
	<u>937,472</u>	<u>953,545</u>	<u>(47,812)</u>	<u>71,745</u>
Inter-segment elimination	(99,117)	(81,563)	-	-
Total Revenue/(Loss)/profit from operations	<u>838,355</u>	<u>871,982</u>	<u>(47,812)</u>	<u>71,745</u>
Interest income			1,105	1,176
Finance cost			(13,803)	(17,193)
Share of results of associates			(195)	(407)
(Loss)/Profit before tax			<u>(60,705)</u>	<u>55,321</u>
Taxation			20,511	(11,489)
(Loss)/Profit after tax			<u>(40,194)</u>	<u>43,832</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 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 quarter under review.

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
	30/6/2005
	RM'000
Approved and contracted for	21,419
Approved but not contracted for	31,415
	<u>52,834</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 30/6/2005 RM'000
Provision of trademark licence and general assistance fees payable to Lafarge S.A.	8,537
Specific technical assistance fee charged by Lafarge S.A.	434
Sales of cement and clinker to Cementia Trading AG	62,755
Sales of cement to Marine Cement Ltd	15,523
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	857
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	7,288
Time charter hire of vessels to Cement Shipping Company Ltd	7,649
Services for export sales by Cementia Asia Sdn Bhd	871
Purchase of cement and clinker from Cementia Trading AG	19,051
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	4,655
Rental of office premises to Lafarge Asia Sdn Bhd	344
Rental of office premises to Cementia Asia Sdn Bhd	39
Maintenance of hardware & software by Lafarge Asia Sdn Bhd	838

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 RM39.2 million compared to a profit before tax of RM33.1 million in the corresponding quarter last year. This was largely due to 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.

Current Year To Date

The Group incurred a loss before tax for the current year to date of RM60.7 million compared to a profit before tax of RM55.3 million in the corresponding period last year mainly due to lower domestic selling prices in Peninsular Malaysia and higher production costs largely as a result of higher fuel prices.

B2. Comparison with Preceding Quarter

	Current Quarter 30/6/2005 RM'000	Preceding Quarter 31/3/2005 RM'000
Revenue	420,202	418,153
Loss before tax	(39,198)	(21,507)

Revenue was higher during the current quarter, as sales in the preceding quarter were affected by lower construction activities as a result of the festive season. However, Group loss before tax was higher at RM39.2 million compared to RM21.5 million in the preceding quarter mainly due to lower domestic selling prices.

B3. Prospects for Year 2005

The keener competition for volume has resulted in sharply lower domestic selling prices in the first half of the year, but prices have since recovered in the last two months. Selling prices in the export market have improved in 2005 and are expected to remain higher than 2004 level. The lower domestic selling prices in the first half year and the higher fuel costs have resulted in a loss for the first half year and the extent of the earnings recovery will largely depend on the stability of 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 30 June 2005.

B5. Taxation

Taxation comprises the following:

	Current Year Quarter 30/6/2005 RM'000	Current Year to Date 30/6/2005 RM'000
In respect of current period:		
- income tax charge	(235)	(291)
- deferred tax credit	12,672	20,802
	<u>12,437</u>	<u>20,511</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 current quarter under review.

b) Investment in quoted securities as at 30 June 2005 is as follows: -

	RM'000
At cost	981
Less: Allowance for diminution in value	<u>(401)</u>
At book value	<u>580</u>
At market value	<u><u>813</u></u>

B8. Status of Corporate Proposals**Proposed Special Issue to Bumiputera Investors**

The Company has been given an extension of time until 31 December 2005 by the Foreign Investment Committee and the Securities Commission to complete the implementation of the Special Issue to Bumiputera Investors.

B9. Group Borrowings

Total Group borrowings (unsecured) as at 30 June 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	160,000
Total Group borrowings (unsecured)	<u>660,000</u>

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

As of 19 August 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	342	2 August 2005 to 17 August 2005	5 September 2005 to 16 November 2005	1,590

Forward Contracts Sold

Currency	Contract Amount (FC'000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
USD	16,346	4 May 2005 to 22 July 2005	22 August 2005 to 30 December 2005	61,627

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 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)	(26,948)	24,826	(40,770)	42,700
Weighted average number of ordinary shares in issue ('000)	2,879,575	2,879,575	2,879,575	2,882,510
Basic Earnings per shares (sen)	(0.9)	0.9	(1.4)	1.5

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: 26 August 2005
Petaling Jaya, Selangor Darul Ehsan.