

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
	30/9/2005 RM'000	30/9/2004 RM'000	30/9/2005 RM'000	30/9/2004 RM'000
Revenue	520,937	454,956	1,359,292	1,326,938
Operating expenses	(438,283)	(387,060)	(1,240,373)	(1,101,722)
Depreciation	(42,003)	(42,117)	(126,515)	(128,308)
Investment income	225	220	660	906
Interest income	500	691	1,605	1,796
Profit/(Loss) from operations	41,376	26,690	(5,331)	99,610
Finance cost	(6,758)	(7,901)	(20,561)	(25,094)
Share of results of associates	(150)	(187)	(345)	(594)
Profit/(Loss) before tax	34,468	18,602	(26,237)	73,922
Taxation	(772)	(4,089)	19,739	(15,578)
Profit/(Loss) after tax	33,696	14,513	(6,498)	58,344
Minority interests	(412)	829	(988)	(303)
Net profit/(loss) for the period	33,284	15,342	(7,486)	58,041
Basic Earnings per share (sen)	1.2	0.5	(0.3)	2.0

(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 30/9/2005 RM'000	As at 31/12/2004 RM'000
Property, Plant and Equipment		2,299,364	2,421,849
Deferred Expenditure		70	614
Investment in Associates		54	421
Other Investments		5,184	5,316
Deferred Tax Assets		114,832	100,358
Intangibles		1,000	-
Goodwill on Consolidation		1,188,922	1,188,025
<u>Current Assets</u>			
Inventories		291,005	286,093
Trade Receivables		341,687	281,224
Other Receivables		111,565	126,466
Term Deposits		30,767	37,430
Cash and bank balances		76,635	103,170
		851,659	834,383
<u>Current Liabilities</u>			
Trade Payables		254,072	219,505
Other Payables and accruals		84,114	90,900
Amount due to holding and related companies		958	1,512
Tax liabilities		8,309	8,003
Short-term Borrowings	B9	365,000	160,116
		712,453	480,036
Net Current Assets		139,206	354,347
<u>Long-Term and Deferred Liabilities</u>			
Long-term Borrowings	B9	250,000	500,020
Provision for Retirement Benefits		28,834	25,898
Deferred Tax Liabilities		290,367	296,329
		569,201	822,247
Minority Interests		36,081	36,820
		3,143,350	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		531,998	596,500
Exchange Equalisation Reserve		30,907	34,918
Total Reserves		1,711,323	1,779,836
		3,143,350	3,211,863
Net tangible assets per share (RM)		0.68	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 30/9/2005 RM'000	Preceding Year To Date 30/9/2004 RM'000
<u>Cash Flows From Operating Activities</u>		
Net (Loss)/Profit before tax	(26,237)	73,922
Adjustments for:-		
Non-cash items	102,868	135,732
Non-operating items	18,922	22,988
Operating profit before changes in working capital	<u>95,553</u>	<u>232,642</u>
<u>Changes in working capital</u>		
Net change in current assets	(59,062)	(60,133)
Net change in current liabilities	39,141	(9,678)
Retirement benefits paid	(1,355)	(979)
Tax paid	(6,810)	(6,658)
Net cash generated from operating activities	<u>67,467</u>	<u>155,194</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(40,992)	(27,023)
Proceeds from disposal of property, plant and equipment	51,761	42,043
Proceeds from disposal of quoted shares	-	985
Additional purchase consideration paid for a subsidiary acquired in 2004	(5,442)	-
Purchase of additional equity interests in existing subsidiaries	(492)	-
Acquisition of a subsidiary	(3)	-
Purchase of quarry rights	(500)	-
Proceeds from disposal of an associate	21,105	-
Other investment activities	1,629	1,245
Net cash generated from investing activities	<u>27,066</u>	<u>17,250</u>
<u>Cash Flows From Financing Activities</u>		
Share buy-back	-	(15,497)
Net repayment of borrowings	(45,136)	(140,000)
Dividend paid by subsidiaries to minority shareholders	(2,244)	(1,995)
Interest paid	(22,059)	(32,970)
Dividend paid	(57,016)	(57,591)
Net cash used in financing activities	<u>(126,455)</u>	<u>(248,053)</u>
Net Change in Cash & Cash Equivalents	(31,922)	(75,609)
Effects of currency translations	(1,276)	747
Cash & Cash Equivalents at beginning of the period	140,600	186,002
Cash & Cash Equivalents at end of the period	<u>107,402</u>	<u>111,140</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	-	-	-	-	(4,011)	-	-	(4,011)
Net loss for the period	-	-	-	-	-	(7,486)	-	(7,486)
Dividend paid	-	-	-	-	-	(57,016)	-	(57,016)
As at 30 September 2005	<u>1,449,298</u>	<u>(17,271)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>30,907</u>	<u>531,998</u>	<u>159</u>	<u>3,143,350</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	-	-	-	-	1,137	-	-	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>

(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 September 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:

	9 months ended 30 September			
	Revenue		Profit/(loss)	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cement & Clinker	941,281	954,024	(35,416)	86,637
Ready-mixed concrete & Aggregates	357,611	303,362	(1,657)	3,573
Other building materials	158,558	157,056	4,391	5,287
Other operations	68,888	39,109	25,746	2,317
	<u>1,526,338</u>	<u>1,453,551</u>	<u>(6,936)</u>	<u>97,814</u>
Inter-segment elimination	(167,046)	(126,613)	-	-
Total Revenue/(Loss)/profit from operations	<u>1,359,292</u>	<u>1,326,938</u>	<u>(6,936)</u>	<u>97,814</u>
Interest income			1,605	1,796
Finance cost			(20,561)	(25,094)
Share of results of associates			(345)	(594)
(Loss)/Profit before tax			<u>(26,237)</u>	<u>73,922</u>
Taxation			19,739	(15,578)
(Loss)/Profit after tax			<u>(6,498)</u>	<u>58,344</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 September 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

On 4 July 2005, the Group acquired the entire issued and paid up share capital of KL Cement Sdn. Bhd. (KL Cement) comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM3,122.00. KL Cement was incorporated in Malaysia on 1 November 2002 and is inactive since the date of incorporation. The acquisition of KL Cement is not expected to have any material effect on the Group's earnings for 2005.

On 30 September 2005, the Group acquired the remaining 49% equity interest in Supermix Concrete Pte Ltd ("SPMS") it did not already own for a cash consideration of S\$10 (RM22). This acquisition is not expected to have any material effect on the Group's earning for 2005.

On 15 November 2005, SPMS signed an agreement with Asia Cement (Singapore) Pte Ltd and SINHENGCHAN Concrete Pte Ltd to participate in the establishment of a 3-way equal-shareholding joint venture company ("Newco") to carry on the business of production and sale of readymix concrete in Singapore. Newco will commence operations on 1 January 2006. The Group's initial cost of investment for 33.33% of Newco will be S\$2 million (approximately RM4.5 million). The joint venture has no material effect on the Group's net tangible assets and earnings for the year ended 31 December 2005 but is expected to have a positive impact on the Group's future earnings.

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 30/9/2005 RM'000
Approved and contracted for	19,780
Approved but not contracted for	37,319
	<u>57,099</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.
PT Semen Andalas Indonesia	Subsidiary of Lafarge S.A.

Description of Transactions	Current Year to Date 30/9/2005 RM'000
Provision of trademark licence and general assistance fees payable to Lafarge S.A.	12,495
Specific technical assistance fee charged by Lafarge S.A.	761
Sales of cement and clinker to Cementia Trading AG	97,765
Sales of cement to Marine Cement Ltd	25,715
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	1,550
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	12,741
Time charter hire of vessels to Cement Shipping Company Ltd	11,272
Sub-charter of vessels to PT Semen Andalas Indonesia	4,848
Services for export sales by Cementia Asia Sdn Bhd	1,657
Purchase of cement and clinker from Cementia Trading AG	29,540
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	7,118
Rental of office premises to Lafarge Asia Sdn Bhd	519
Rental of office premises to Cementia Asia Sdn Bhd	59
Maintenance of hardware and software by Lafarge Asia Sdn Bhd	1,260

A14. Related Party Transactions (continued)

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 RM34.5 million, compared to RM18.6 million in the corresponding quarter last year. The higher pre-tax profit was largely due to higher domestic cement selling price, offset by higher production costs primarily as a result of higher fuel prices. The favourable result was also due to a gain on disposal of a marine vessel of RM17.4 million in the current quarter.

Current Year To Date

The Group incurred a loss before tax for the current year to date of RM26.2 million compared to a profit before tax of RM73.9 million in the corresponding period last year mainly due to lower domestic cement selling prices in the first half year in the context of a declining market and higher production costs largely as a result of higher fuel prices. Domestic cement selling prices however have since recovered in the current quarter.

B2. Comparison with Preceding Quarter

	Current Quarter 30/9/2005 RM'000	Preceding Quarter 30/6/2005 RM'000
Revenue	520,937	420,202
Profit/(Loss) before tax	34,468	(39,198)

Revenue was higher during the current quarter mainly due to higher domestic cement selling prices. The Group registered a pre-tax profit of RM34.5 million compared to loss before tax of RM39.2 million in the preceding quarter mainly due to higher domestic cement selling prices as well as the gain on disposal of a marine vessel of RM17.4 million despite the increased cost of transportation.

B3. Prospects for Year 2005

Cement demand for the current year to date has been affected by a slow down in construction activities which is not expected to get better for the remaining quarter. However, the recovery in selling prices since July 2005 is expected to result in a profitable 4th quarter. The Group is expected to return to profitability for the full year of 2005 despite the losses suffered in the first half year and the significant cost increase particularly for fuel and transportation.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 September 2005.

B5. Taxation

Taxation comprises the following:

	Current Year Quarter 30/9/2005 RM'000	Current Year to Date 30/9/2005 RM'000
In respect of current period:		
- income tax charge	(18)	(309)
- deferred tax (charge)/credit	(754)	20,048
	<u>(772)</u>	<u>19,739</u>

B6. Unquoted Investments and/or Properties

During the current quarter under review, a marine vessel was disposed of for a net cash consideration of USD13.5 million (approximately RM50.8 million) resulting in a gain on disposal of RM17.4 million.

Save as disclosed above, there was no other 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 September 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>765</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 ("FIC") and the Securities Commission to complete the implementation of the Special Issue to Bumiputera Investors. The Company has submitted an application to the FIC for a further extension of time for the implementation of the Special Issue.

B9. Group Borrowings

Total Group borrowings (unsecured) as at 30 September 2005 are as follows:

	RM'000
<u>Long-term borrowings</u>	
Term Unsecured Loan incorporating preference shares	250,000
<u>Short-term borrowings</u>	
Term Unsecured Loan incorporating preference shares	250,000
Commercial Papers	115,000
Total Group borrowings (unsecured)	<u>615,000</u>

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

As of 11 November 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	932	17 August 2005 to 10 November 2005	15 November 2005 to 16 November 2005	4,312

Forward Contracts Sold

Currency	Contract Amount (FC'000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
USD	7,350	4 May 2005 to 22 July 2005	2 November 2005 to 30 December 2005	27,614

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 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 profit/(loss) for the period (RM'000)	33,284	15,342	(7,486)	58,041
Weighted average number of ordinary shares in issue ('000)	2,879,575	2,879,575	2,879,575	2,881,532
Basic Earnings per shares (sen)	1.2	0.5	(0.3)	2.0

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: 18 November 2005
Petaling Jaya, Selangor Darul Ehsan.