

**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
	31/12/2005 RM'000	31/12/2004 RM'000	31/12/2005 RM'000	31/12/2004 RM'000
<b>Revenue</b>	<b>507,376</b>	<b>434,617</b>	<b>1,866,668</b>	<b>1,761,555</b>
Operating expenses	(406,212)	(356,707)	(1,646,585)	(1,458,429)
Depreciation	(41,906)	(42,630)	(168,421)	(170,938)
Investment income	2,115	203	2,775	1,109
Interest income	777	637	2,382	2,433
<b>Profit from operations</b>	<b>62,150</b>	<b>36,120</b>	<b>56,819</b>	<b>135,730</b>
Finance cost	(6,415)	(8,463)	(26,976)	(33,557)
Share of results of associates	(153)	2,114	(498)	1,520
<b>Profit before tax</b>	<b>55,582</b>	<b>29,771</b>	<b>29,345</b>	<b>103,693</b>
Taxation	(17,783)	(4,292)	1,956	(19,870)
<b>Profit after tax</b>	<b>37,799</b>	<b>25,479</b>	<b>31,301</b>	<b>83,823</b>
Minority interests	(521)	(745)	(1,509)	(1,048)
<b>Net profit for the period</b>	<b>37,278</b>	<b>24,734</b>	<b>29,792</b>	<b>82,775</b>
Basic Earnings per share (sen)	1.3	0.9	1.0	2.9

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

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

	Note	As at 31/12/2005 RM'000	As at 31/12/2004 RM'000
Property, Plant and Equipment		2,285,491	2,421,849
Deferred Expenditure		-	614
Investment in Associates		-	421
Other Investments		5,100	5,316
Deferred Tax Assets		102,608	100,358
Intangibles		989	-
Goodwill on Consolidation		1,188,922	1,188,025
<u>Current Assets</u>			
Inventories		305,698	286,093
Trade Receivables		327,864	281,224
Other Receivables		103,403	126,466
Term Deposits		33,463	37,430
Cash and bank balances		88,956	103,170
		<b>859,384</b>	<b>834,383</b>
<u>Current Liabilities</u>			
Trade Payables		235,682	219,505
Other Payables and accruals		96,434	90,900
Amount due to holding and related companies		2,120	1,512
Tax liabilities		7,749	8,003
Short-term Borrowings	B9	318,598	160,116
		<b>660,583</b>	<b>480,036</b>
Net Current Assets		198,801	354,347
<u>Long-Term and Deferred Liabilities</u>			
Long-term Borrowings	B9	250,000	500,020
Provision for Retirement Benefits		29,880	25,898
Deferred Tax Liabilities		296,413	296,329
		576,293	822,247
Minority Interests		36,610	36,820
		<b>3,169,008</b>	<b>3,211,863</b>
<u>Shareholders' Funds</u>			
Share Capital - Ordinary shares of RM0.50 each		1,449,298	1,449,298
Treasury Shares		(30,918)	(17,271)
Reserves:			
Share Premium		1,114,291	1,114,291
Capital Reserve		33,968	33,968
Capital Redemption Reserve		159	159
Retained Earnings		569,276	596,500
Exchange Equalisation Reserve		32,934	34,918
Total Reserves		<b>1,750,628</b>	<b>1,779,836</b>
		<b>3,169,008</b>	<b>3,211,863</b>
Net assets per share (RM)		1.10	1.11
Net tangible assets per share (RM)		0.69	0.70

*(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2004)*

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

	<b>Current Year To Date 31/12/2005 RM'000</b>	<b>Preceding Year To Date 31/12/2004 RM'000</b>
<u>Cash Flows From Operating Activities</u>		
Net Profit before tax	29,345	103,693
Adjustments for:-		
Non-cash items	153,063	167,111
Non-operating items	24,560	30,814
Operating profit before changes in working capital	206,968	301,618
<u>Changes in working capital</u>		
Net change in current assets	(61,425)	(78,330)
Net change in current liabilities	27,023	12,410
Drydocking expenses paid	-	(1,750)
Retirement benefits paid	(1,814)	(1,326)
Tax refunded/(paid)	3,773	(8,768)
Net cash generated from operating activities	174,525	223,854
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(69,897)	(65,252)
Proceeds from disposal of property, plant and equipment	52,357	52,421
Proceeds from disposal of quoted shares	-	1,018
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)	(9,113)
Purchase of quarry rights	(500)	-
Proceeds from disposal of an associate	21,105	-
Other investment activities	2,406	1,372
Net cash used in investing activities	(466)	(19,554)
<u>Cash Flows From Financing Activities</u>		
Share buy-back	(12,208)	(15,497)
Net repayment of borrowings	(95,136)	(140,023)
Dividend paid by subsidiaries to minority shareholders	(2,244)	(2,285)
Interest paid	(28,804)	(35,036)
Dividend paid	(57,016)	(57,591)
Net cash used in financing activities	(195,408)	(250,432)
Net Change in Cash & Cash Equivalents	(21,349)	(46,132)
Effects of currency translations	(430)	730
Cash & Cash Equivalents at beginning of the year	140,600	186,002
Cash & Cash Equivalents at end of the year	118,821	140,600

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

**LAFARGE MALAYAN CEMENT BERHAD**  
**(1877-T)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Share Premium RM'000</b>	<b>Capital Reserve RM'000</b>	<b>Exchange Equalisation Reserve RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Capital Redemption Reserve RM'000</b>	<b>Total RM'000</b>
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	-	-	-	-	(1,984)	-	-	(1,984)
Net profit for the year	-	-	-	-	-	29,792	-	29,792
Share buy-back	-	(13,647)	-	-	-	-	-	(13,647)
Dividend paid	-	-	-	-	-	(57,016)	-	(57,016)
As at 31 December 2005	<u>1,449,298</u>	<u>(30,918)</u>	<u>1,114,291</u>	<u>33,968</u>	<u>32,934</u>	<u>569,276</u>	<u>159</u>	<u>3,169,008</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	-	-	-	-	4,805	-	-	4,805
Net profit for the year	-	-	-	-	-	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>

*(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> 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

For the current financial year ended 31 December 2005, the Company has purchased a total of 22,619,000 ordinary shares of its issued share capital from the open market for a total consideration of RM13.6 million at an average cost of RM0.60 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 financial year, the Company also repaid RM115 million 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
November 2005	6,299,000	0.59	0.56	0.58	3,627
December 2005	16,320,000	0.62	0.57	0.61	10,020

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 current financial year.

## 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:

	Year ended 31 December			
	Revenue		Profit/(loss)	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cement & Clinker	1,305,987	1,255,529	26,087	111,784
Ready-mixed concrete & Aggregates	475,605	412,549	(5,602)	4,211
Other building materials	209,025	209,845	4,203	6,973
Other operations	90,608	54,643	29,749	10,329
	2,081,225	1,932,566	54,437	133,297
Inter-segment elimination	(214,557)	(171,011)	-	-
Interest income	-	-	2,382	2,433
Total Revenue/Profit from operations	1,866,668	1,761,555	56,819	135,730
Finance cost			(26,976)	(33,557)
Share of results of associates			(498)	1,520
Profit before tax			29,345	103,693
Taxation			1,956	(19,870)
Profit after tax			31,301	83,823

**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 year ended 31 December 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 6 December 2005, the Company proposed to acquire and transfer the entire 100% interest in the issued and paid up share capital of Jumewah Shipping Sdn Bhd (“JSSB”), comprising 40,000,000 issued and paid-up ordinary shares held through its wholly owned subsidiary, Kedah Cement Holdings Bhd to itself at a consideration of RM71,501,710.00. The transfer is subject to the approval of the Foreign Investment Committee. Upon completion of the above transfer, the Company will hold directly 100% of the issued and paid up share capital of JSSB. The said exercise is undertaken to simplify the Group's corporate structure and has no impact on the net tangible assets and earnings of the Group.

**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:

	<b>As at 31/12/2005 RM'000</b>
Approved and contracted for	48,745
Approved but not contracted for	32,595
	<hr/>
	81,340
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#### A14. Related Party Transactions

The related parties and their relationship with the Company and its subsidiaries are as follows:

<b>Name of Related Parties</b>	<b>Relationship</b>
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.

<b>Description of Transactions</b>	<b>Current Year to Date 31/12/2005 RM'000</b>
Provision of trademark licence and general assistance fees payable to Lafarge S.A.	18,833
Specific technical assistance fee charged by Lafarge S.A.	1,131
Sales of cement and clinker to Cementia Trading AG	138,742
Sales of cement to Marine Cement Ltd	31,722
Sales of cement to Lafarge Tiles (Pahang) Sdn Bhd	2,257
Sales of cement to Lafarge Roofing Tiles Sdn Bhd	19,250
Time charter hire of vessels to Cement Shipping Company Ltd	17,403
Sub-charter of vessels to PT Semen Andalas Indonesia	7,278
Services for export sales by Cementia Asia Sdn Bhd	2,573
Purchase of cement and clinker from Cementia Trading AG	66,409
Purchase of building materials for resale from Lafarge Roofing Systems Sdn Bhd	10,082
Rental of office premises to Lafarge Asia Sdn Bhd	709
Rental of office premises to Cementia Asia Sdn Bhd	78
Maintenance of hardware and software by Lafarge Asia Sdn Bhd	1,755

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 of RM55.6 million was 86.6% higher compared to RM29.8 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.

**Current Year To Date**

Group profit before tax for the current financial year ended 31 December 2005 was RM29.3 million, compared to RM103.7 million last year. The lower pre-tax profit was mainly due to the sharply lower domestic cement selling prices in the first half year and higher production costs largely as a result of higher fuel prices. The recovery in domestic cement selling prices since the 3<sup>rd</sup> quarter of 2005 enabled the Group to return to profitability for the year but was not sufficient to fully compensate for the significant loss in contributions during the intense competition in the first half year. Included in Group pre-tax profit of RM29.3 million is the gain of RM17.4 million from the sale of a marine vessel in the 3<sup>rd</sup> quarter.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31/12/2005 RM'000</b>	<b>Preceding Quarter 30/9/2005 RM'000</b>
Revenue	<u>507,376</u>	<u>520,937</u>
Profit before tax	<u>55,582</u>	<u>34,468</u>

Revenue was lower than the preceding quarter despite better domestic cement prices mainly due to lower domestic cement demand and lower sales of ready-mixed concrete as a result of the festive season. Group profit before tax was however higher at RM55.6 million compared to RM34.5 million (which was boosted by the gain of RM17.4 million from the sale of a marine vessel) in the preceding quarter mainly due to higher domestic cement selling prices and lower production cost attributed to the timing of scheduled plant maintenance.

**B3. Prospects for Year 2006**

With the launch of the 9<sup>th</sup> Malaysia Plan, construction activities could improve in 2006 and bring a small growth in cement demand in Malaysia. Construction activities in Singapore are expected to improve but market condition is likely to remain competitive. While there will be pressure on some cost components to increase, export prices are improving and the stable cement market condition in Malaysia since July 2005 is likely to continue. Against the above background, the Board is optimistic of a better year for the Group in 2006.

**B4. Profit Forecast and Profit Guarantee**

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

**B5. Taxation**

Taxation comprises the following:

	<b>Current Year Quarter 31/12/2005 RM'000</b>	<b>Current Year to Date 31/12/2005 RM'000</b>
In respect of current period:		
- income tax credit	326	17
- deferred tax (charge)/credit	(18,109)	1,939
	<u>(17,783)</u>	<u>1,956</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 31 December 2005 is as follows:

	<b>RM'000</b>
At cost	1,002
Less: Allowance for diminution in value	(494)
At book value	<u>508</u>
At market value	<u><u>725</u></u>

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

The Company was required by the Foreign Investment Committee ("FIC") and the Securities Commission ("SC") to complete the implementation of the Special Issue to Bumiputera Investors by 31<sup>st</sup> December 2005. The Company has submitted an application to the FIC and SC for a further extension of time for the implementation of the Special Issue.

## B9. Group Borrowings

Total Group borrowings (unsecured) as at 31 December 2005 are as follows:

	<b>RM'000</b>
<u>Long-term borrowings (unsecured)</u>	
Term Unsecured Loan incorporating preference shares	250,000
<u>Short-term borrowings (unsecured)</u>	
Term Unsecured Loan incorporating preference shares	250,000
Commercial Papers	65,000
Bank overdraft	3,598
	<u>318,598</u>
Total Group borrowings (unsecured)	<u>568,598</u>

The currency exposure profile of borrowings is as follows:

	<b>RM'000</b>
Ringgit Malaysia	565,000
Singapore Dollar	3,598
	<u>568,598</u>

## B10. Off Balance Sheet Financial Instruments

As of 16 February 2006, 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	702	6 February 2006 to 15 February 2006	17 February 2006 to 23 May 2006	3,140

### Forward Contracts Sold

Currency	Contract Amount (FC'000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
USD	8,825	9 December 2005 to 29 December 2005	27 February 2006 to 15 September 2006	33,028

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 2.0 sen or 4.0% tax exempt per ordinary share of RM0.50 each has been declared in respect of the financial year ended 31 December 2005. Total dividend payable amount to RM56.8 million compared to an interim dividend of gross 2.75 sen or 5.5% per ordinary share less 28% tax, equivalent to a total payout of RM57.0 million for the financial year ended 31 December 2004. The dividend is payable on 4 May 2006.

Notice is hereby given that the Register of Members will be closed on 10 April 2006 for the purpose of determining shareholders' entitlements. The entitlement date for the payment of dividend is 10 April 2006.

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 10 April 2006 in respect of ordinary transfers; and
- (b) Securities transferred into the Depositor's Securities Account before 12.30 p.m. on 6 April 2006 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:

	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
Net profit for the period (RM'000)	37,278	24,734	29,792	82,775
Weighted average number of ordinary shares in issue* (‘000)	2,877,475	2,879,575	2,879,050	2,881,043
<b>Basic Earnings per shares (sen)</b>	<b>1.3</b>	<b>0.9</b>	<b>1.0</b>	<b>2.9</b>

\*net of treasury shares.

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. The ESOS expired on 29 January 2006 and all options offered had lapsed and all rights and entitlements granted thereon had been cancelled and become null and void.

Dated: 23 February 2006  
Petaling Jaya, Selangor Darul Ehsan.