

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Revenue	630,893	630,618	1,240,304	1,190,225
Operating expenses	(495,429)	(522,230)	(963,479)	(972,144)
Depreciation and amortisation	(37,717)	(42,005)	(75,362)	(84,209)
Other (expenses)/income	(5,757)	1,477	(6,136)	1,490
Investment income	2,027	1,990	4,110	3,669
Interest income	677	736	1,181	1,551
Profit from operations	94,694	70,586	200,618	140,582
Finance cost	(4,730)	(5,764)	(10,102)	(12,049)
Share of results of associates	399	2,171	943	4,753
Profit before tax	90,363	66,993	191,459	133,286
Taxation	(7,607)	(5,342)	(19,861)	(10,129)
Profit for the period	82,756	61,651	171,598	123,157
Profit/(Loss) attributable to:				
Equity holders of the Company	84,291	61,874	175,700	124,051
Minority interest	(1,535)	(223)	(4,102)	(894)
	82,756	61,651	171,598	123,157
Basic and diluted earnings per share (sen)	9.9	7.3	20.7	14.6

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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

Note	As at 30 June 2009 RM'000	As at 31 December 2008 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,891,214	1,946,387
Investment property	3,845	3,867
Prepaid lease payments on leasehold land	132,705	135,996
Goodwill on consolidation	1,206,264	1,206,264
Other intangible assets	2,624	2,772
Investment in associates	19,454	18,445
Other investments	2,160	2,180
Deferred tax assets	3,029	5,392
	3,261,295	3,321,303
<u>Current assets</u>		
Inventories	349,329	434,893
Trade receivables	322,140	340,800
Other receivables and prepaid expenses	59,438	63,182
Term deposits	85,847	6,041
Cash and bank balances	248,079	136,817
	1,064,833	981,733
Total assets	4,326,128	4,303,036
EQUITY AND LIABILITIES		
<u>Capital and reserves</u>		
Share capital	849,695	849,695
Reserves:		
Share premium	1,067,199	1,067,199
Capital reserve	33,968	33,968
Exchange equalisation reserve	42,638	40,923
Capital redemption reserve	33,798	33,798
Retained earnings	1,054,680	1,006,434
Equity attributable to equity holders of the Company	3,081,978	3,032,017
Minority interests	22,907	27,009
Total equity	3,104,885	3,059,026

Forward

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

	Note	As at 30 June 2009 RM'000	As at 31 December 2008 RM'000
<u>Non-current liabilities</u>			
Borrowings	B9	217,515	358,983
Retirement benefits		39,207	37,046
Deferred tax liabilities		284,618	274,729
		<u>541,340</u>	<u>670,758</u>
<u>Current liabilities</u>			
Trade payables		281,459	323,504
Other payables and accrued expenses		111,372	124,738
Amounts owing to holding and other related companies		11,289	11,622
Borrowings	B9	264,714	103,922
Tax liabilities		11,069	9,466
		<u>679,903</u>	<u>573,252</u>
Total liabilities		<u>1,221,243</u>	<u>1,244,010</u>
Total equity and liabilities		<u>4,326,128</u>	<u>4,303,036</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>3.63</u>	<u>3.57</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →							Minority Interest	Total Equity
	← Non-distributable →				Distributable				
	Share Capital	Share Premium	Capital Reserve	Exchange Equalisation Reserve	Capital Redemption Reserve	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As of 1 January 2009	849,695	1,067,199	33,968	40,923	33,798	1,006,434	3,032,017	27,009	3,059,026
Exchange differences on translation of foreign operations	-	-	-	1,715	-	-	1,715	-	1,715
Net income recognised directly in equity	-	-	-	1,715	-	-	1,715	-	1,715
Profit/(Loss) for the period	-	-	-	-	-	175,700	175,700	(4,102)	171,598
Total recognised income/(expense) for the period	-	-	-	1,715	-	175,700	177,415	(4,102)	173,313
Dividends	-	-	-	-	-	(127,454)	(127,454)	-	(127,454)
As of 30 June 2009	849,695	1,067,199	33,968	42,638	33,798	1,054,680	3,081,978	22,907	3,104,885

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →							Minority Interest	Total Equity
	← Non-distributable →				Distributable				
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Exchange Equalisation Reserve RM'000	Capital Redemption Reserve RM'000	Retained Earnings RM'000	Total RM'000		
As of 1 January 2008	849,695	1,067,199	33,968	34,762	33,798	889,262	2,908,684	26,211	2,934,895
Exchange differences on translation of foreign operations	-	-	-	6,879	-	-	6,879	-	6,879
Net income recognised directly in equity	-	-	-	6,879	-	-	6,879	-	6,879
Profit/(Loss) for the period	-	-	-	-	-	124,051	124,051	(894)	123,157
Total recognised income/(expense) for the period	-	-	-	6,879	-	124,051	130,930	(894)	130,036
Dividends	-	-	-	-	-	(125,755)	(125,755)	-	(125,755)
As of 30 June 2008	849,695	1,067,199	33,968	41,461	33,798	887,558	2,913,859	25,317	2,939,176

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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

	Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000
<u>Cash Flows From Operating Activities</u>		
Profit before tax	191,459	133,286
Adjustments for:-		
Non-cash items	84,716	84,200
Non-operating items	8,920	10,496
Operating profit before changes in working capital	285,095	227,982
<u>Changes in working capital</u>		
Net change in current assets	101,348	(28,655)
Net change in current liabilities	(43,292)	(21,186)
Retirement benefits paid	(1,174)	(1,631)
Tax paid	(7,740)	(6,102)
Net cash generated from operating activities	334,237	170,408
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(27,287)	(37,064)
Proceeds from disposal of property, plant and equipment	757	1,092
Proceeds from disposal of quoted shares	48	8
Payments for prepaid lease payments	-	(159)
Other investment activities	1,182	553
Net cash used in investing activities	(25,300)	(35,570)
<u>Cash Flows From Financing Activities</u>		
Net drawdown/(repayment) of borrowings	21,000	(5,000)
Dividend paid	(127,454)	(125,755)
Interest paid	(11,848)	(11,921)
Net cash used in financing activities	(118,302)	(142,676)
Net Change in Cash and Cash Equivalents	190,635	(7,838)
Effects of currency translations	433	190
Cash and Cash Equivalents at beginning of the year	142,858	162,220
Cash and Cash Equivalents at end of the period	333,926	154,572

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYAN CEMENT BERHAD
(1877-T)

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008 and are in compliance with the Malaysian Financial Reporting Standards (FRSs) and other interpretations that are effective, for financial statements commencing 1 January 2009.

The following new/revised FRSs, amendments to FRSs and Issue Committee Interpretations (“IC Interpretations”) were issued but not yet effective until future periods:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-Based Payment: Vesting Conditions and Cancellations
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset , Minimum Funding Requirements and their Interaction

The above FRSs and IC Interpretations shall apply to annual periods beginning on or after 1 January 2010 except for FRS 8 which will be effective from 1 July 2009.

Save for FRS 139 and FRS 7, the Directors anticipate that the adoption of these FRSs and IC Interpretations in future periods will have no material financial impact on the financial statements of the Group. By virtue of the exemption in paragraph 103AB of FRS 139 and paragraph 44AB of FRS 7, the impact of applying FRS 139 and FRS 7 on the financial statements upon first adoption of these standards as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

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

There were no 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

A second interim dividend of 15.0 sen single tier dividend per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2008, amounting to RM127.454 million was paid on 8 April 2009.

A8. Segmental Information

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

	Half Year Ended 30 June			
	Revenue		Profit/(Loss)	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cement and clinker	1,036,599	893,674	202,230	128,051
Other building materials & operations	301,032	396,336	(2,793)	10,980
	<u>1,337,631</u>	<u>1,290,010</u>	<u>199,437</u>	<u>139,031</u>
Inter-segment elimination	(97,327)	(99,785)	-	-
Interest income	-	-	1,181	1,551
Total Revenue/Profit from operations	<u>1,240,304</u>	<u>1,190,225</u>	<u>200,618</u>	<u>140,582</u>
Finance cost			(10,102)	(12,049)
Share of results of associates			943	4,753
Profit before tax			<u>191,459</u>	<u>133,286</u>
Taxation			(19,861)	(10,129)
Profit for the period			<u>171,598</u>	<u>123,157</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 quarter 30 June 2009 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 significant changes in the composition of the Group during the current financial quarter ended 30 June 2009.

A12. Changes in Contingent Liabilities and Contingent Assets

Changes in the contingent liabilities since 31 December 2008 are as follows:

	Increase
	RM'000
Guarantees given to third party	<u>21,100</u>

Other than the above contingent liabilities there were no other significant changes in the contingent liabilities or assets since the last financial year ended 31 December 2008.

A13. Commitments

Outstanding commitments in respect of capital commitments at balance sheet date not provided for in the financial statements are as follows:

	As at
	30 June 2009
	RM'000
In respect of capital expenditure:	
Approved and contracted for	6,287
Approved but not contracted for	<u>42,567</u>
	<u>48,854</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
Alliance Concrete Singapore Pte Ltd	Associate 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.
LGBA Trading (Singapore) Pte Ltd	Subsidiary of Lafarge S.A.
Marine Cement Ltd	Subsidiary of Lafarge S.A.
PT Semen Andalas Indonesia	Subsidiary of Lafarge S.A.
Monier Sdn Bhd	Associate of Lafarge S.A.
Lafarge Roofing Tiles Sdn Bhd	Associate of Lafarge S.A.

Lafarge Tiles (Pahang) Sdn Bhd	Associate of Lafarge S.A.
P&O Global Technologies Sdn Bhd	Subsidiary of Pacific & Orient Berhad, of which Mr Chan Hua Eng, a Director of the Company, is the Chairman

The related party transactions during half year ended 30 June 2009 are as follows:

Description of Transactions	RM'000
Ultimate holding company of the Company:	
Provision of trademark licence and general assistance fee	17,586
Insurance brokerage fee	128
Specific technical assistance fee	946
Associate of the Group:	
Sales of cement and ready-mixed concrete	22,708
Subsidiaries of ultimate holding company of the Company:	
Sales of cement and clinker	220,222
Purchase of cement and clinker	2,055
Time charter hire/Sub-charter of vessels	1,536
Maintenance of hardware and software	1,174
Purchase of gypsum	290
Rental income of office premises	536
Commission paid for purchase of cement	17
Associate of ultimate holding company of the Company:	
Sales of cement	13,356
Purchase of building materials for resale	7,491
Subsidiary of Pacific & Orient Berhad:	
Purchase of information technology hardware and services	18

The Directors are of the opinion that all 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 licence and general assistance, Lafarge S.A has the specialised expertise, technical competencies and/or facilities and infrastructure required for the provision of such services.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's Performance

Current Quarter

Despite the contraction in domestic cement demand, the Group recorded revenue of RM631 million in the current quarter, the same level in preceding year corresponding quarter. This is attributed to better cement selling prices (domestic and export) and higher cement export. The Group registered a pre-tax profit of RM90 million for the current quarter, 35% higher over the corresponding quarter last year. The better earnings is mainly attributed to better plant performance and strict cost control, partly offset by higher costs of fuel and electricity and higher maintenance costs due to timing of scheduled plant shutdown as well as lower contribution from our operations in ready-mixed concrete, trading and in Singapore.

Current Year To Date

The Group's pre-tax profit for half year ended 30 June 2009 was RM191 million, an increase of 44% over the corresponding period last year. This is mainly attributed to higher export volume, better selling prices, better plant performance and strict cost control, partly offset by higher prices of fuel and electricity as well as lower contribution from our operations in ready-mixed concrete, trading and in Singapore. Cash flow from operations for the half year ended 30 June 2009 almost doubled that of the corresponding period last year due to the improved earnings and strong focus on working capital management.

B2. Comparison with Preceding Quarter

	2nd Quarter Ended	1st Quarter Ended
	30 June 2009	31 March 2009
	RM'000	RM'000
Revenue	630,893	609,411
Profit before tax	90,363	101,096

Revenue in the current quarter increased marginally by 4% due to higher domestic cement demand as sales have seasonally been lower due to festive holidays in preceding quarter. The Group pre-tax profit was however lower at RM90 million compared to RM101 million in the preceding quarter mainly due to lower export prices and higher production costs primarily as a result of more scheduled plant maintenance being carried out during the current quarter as well as lower contributions from the ready-mixed concrete and Singapore operations.

B3. Prospects

The financial performance of the Group is very much dependent on the performance of the Malaysian economy and the domestic construction industry. We may see a moderate contraction in domestic cement demand in Malaysia for the second half of the year. In addition, with cement demand in the international market remaining soft, our exports are likely to be affected.

The Group will continue to intensify its efforts in improving plant performance with particular emphasis on safety, cost control and management of working capital to mitigate the negative impacts of contraction and a softening international market. Taking into consideration of the first half year's results and against the above background, the Group is optimistic of achieving a satisfactory performance in 2009.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 June 2009.

B5. Taxation

Taxation comprises the following:

	2nd Quarter Ended 30 June 2009 RM'000	Half Year Ended 30 June 2009 RM'000
In respect of current year:		
- income tax charge	(4,297)	(8,528)
- deferred tax charge	(4,213)	(8,494)
 In respect of prior years:		
- income tax credit	514	851
- deferred tax charge	389	(3,690)
	<u>(7,607)</u>	<u>(19,861)</u>

The Group's effective tax rate for the current quarter and current year to date is lower than the statutory tax rate of 25% in Malaysia mainly due to higher utilisation of reinvestment allowances.

B6. Unquoted Investments and/or Properties

There was no disposal of unquoted investments and properties during the quarter under review.

B7. Quoted Securities

a) There were no purchases of quoted securities during the quarter under review and the disposal of quoted securities is as follows:

	2nd Quarter Ended 30 June 2009 RM'000	Half Year Ended 30 June 2009 RM'000
Total Disposals		
Sales proceeds	48	48
Book value of investment	<u>31</u>	<u>31</u>
Gain on disposal	<u>17</u>	<u>17</u>

b) Investment in quoted securities as at 30 June 2009 is as follows:

	RM'000
At cost	414
Less: Allowance for diminution in value	(351)
At book value	<u>63</u>
At market value	<u>63</u>

B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B9. Group Borrowings

The Group borrowings as at 30 June 2009 are as follows:

	RM'000
<u>Long-term borrowings</u>	
Floating rate notes (unsecured)	210,000
Finance lease (secured)	7,515
	<u>217,515</u>
<u>Short-term borrowings</u>	
Revolving Credit (unsecured)	261,000
Finance lease (secured)	3,714
	<u>264,714</u>
Total Group borrowings	<u>482,229</u>

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

As of 20 August 2009, the forward exchange contracts which have been entered into by the Group are as follows:-

Forward Contracts Sold

Currency	Contract Amount ('000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
USD	USD 15,250	7 April 2009 to 17 August 2009	27 August 2009 to 12 August 2010	54,468

Forward Contracts Purchased

Currency	Contract Amount ('000)	Date of Contract	Value Date of Contract	Equivalent Amount (RM'000)
EURO	EURO 2,644	15 October 2008 to 11 August 2009	26 August 2009 to 30 December 2009	12,827

Interest rate swap contract

Interest rate swap contract was entered into which entitled the Company to receive interest at floating rates on the notional principal amount and obliged the company to pay interest at fixed rates on the same notional amount. The difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts will be exchanged at periodic intervals.

Any differential to be paid or received on an interest rate contract is recognised as a component of interest income or expense over the period of the contract.

As of 20 August 2009, the interest rates swap contract which has been entered into by the Company to convert floating rate liabilities to fixed rate liabilities in reducing the Company's exposure from adverse fluctuations in interest rates on underlying debt instruments is as follows:

Notional Amount	Effective Period
RM 80 million	6 November 2008 to 26 December 2011

The Group does not foresee any significant credit and market risks associated with the above forward exchange and interest rate swap contracts as they are entered into with approved financial institutions in line with the Group's policy.

Coal/Fuel Hedging

As of 20 August 2009, the coal/fuel hedging transactions which have been entered into by the company to partially cover its budgeted consumption up to 31 December 2009 in lots are totalling approximately USD4.4 million in nominal value of the hedge. The coal/fuel hedging was entered into with the objective of hedging the exposure to adverse coal/fuel price movement.

B11. Material Litigation

There was no pending material litigation as at the date of this report.

B12. Dividend

The Board of Directors has declared an interim dividend of 15 sen single-tier dividend per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2009 and will be paid on 13 October 2009 (2008: 15 sen single-tier interim dividend per ordinary share of RM1.00 each paid on 15 October 2008). The entitlement date for the dividend payment is on 16 September 2009.

A Depositor shall qualify for the entitlement only in respect of:

- a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 16 September 2009 in respect of transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

B13. Earnings per share

Earnings per share are calculated as follows:

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
Profit attributable to equity holders of the Company (RM'000)	84,291	61,874	175,700	124,051
Weighted average number of ordinary shares in issue ('000)	849,695	849,695	849,695	849,695
Basic and diluted earnings per shares (sen)	9.9	7.3	20.7	14.6

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

Dated: 27 August 2009

Petaling Jaya, Selangor Darul Ehsan.