BAMBURI GROUP RESULTS FOR THE SIX MONTHS PERIOD TO 30 JUNE 2009

The Directors of Bamburi Cement Limited are pleased to announce the unaudited group results for the six months period to 30 June 2009

Condensed statement of comprehensive income for six months ended 30 June 2009	2009 June	2008 June
	KShs. Million	KShs. Million
Turnover	16,199	11,447
Operating profit	4,268	2,873
Insurance claim	218	-
Financing costs	(24)	(75)
Financing income	32	4
Exchange (losses) / gains	(20)	83
Profit before tax and minority interest	4,474	2,885
Tax	(1,344)	(881)
Profit after tax	3,130	2,004
Other comprehensive income:		
Currency translation adjustments	(218)	269
Available for sale investments	(52)	(122)
Other comprehensive income, net of tax	(270)	147
Total comprehensive income	2,860	2,151
Profit attributable to:		
Equity holders of parent	2,975	1,917
Minority interests	155	87
	3,130	2,004
Total comprehensive income attributable to:		
Equity holders of parent	2,770	1,983
Minority interests	90	168
	2,860	2,151
Earnings Per Share (basic & diluted) - KShs. per share	8.19	5.28

Condensed statement of financial position as at 30 June 2009	2009 June	2008 Dec
Assets	KShs. Million	KShs. Million
Non-current assets	17,251	15,776
Property, plant & equipment	2,134	2,186
Other equity investments	217	217
Goodwill	19,602	18,179
Working capital	6,286	8,218
Current assets	(5,800)	(5,383)
Current liabilities	486	2,835
Cash and bank balances	4,180	1,758
	24,268	22,772
Capital and reserves		
Share capital	1,815	1,815
Reserves	15,434	13,681
Shareholders funds	17,249	15,496
Minority interests	1,195	1,106
Non-current liabilities	5,824	6,170
	24,268	22,772

Condensed Statement of cash flows for the six months ended 30 June 2009	2009 June	2008 June
	KShs. Million	KShs. Million
Cash generated from / (used in) operations	6,462	(517)
Interest received	32	4
Interest paid	(24)	(75)
Tax paid	(812)	(948)
Net cash from operating activities	5,658	(1,536)
Net cash used in investing activities	(2,137)	(1,213)
Net cash (used in)/received from financing activities	(1,099)	3,061
Increase / (Decrease) in cash & cash equivalents	2,422	312
At start of period	1,758	259
At end of period	4,180	571

Condensed statement of changes in equity for the six months ended 30 June 2009	2009 June	2008 June
	KShs. Million	KShs. Million
Share Capital	1,815	1,815
Revaluation reserve	2,363	2,779
Fair value and translation reserves	1,638	2,456
Retained Earnings	11,433	8,944
Attributed to Bamburi equity holders	17,249	15,994
Attributed to Minority shareholders	1,195	977
At end of period	18,444	16,971

Explanatory notes

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Adoption of new and revised International Financial Reporting Standards (IFRS) and interpretations (IFRIC) has not led to any changes in prior year accounting policies.

The condensed financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 December 2008.

Highlights

The Group's improved financial results over six months to June 2009 demonstrate continued recovery across the main markets in Kenya and Uganda. It's worth noting that during the first half of 2008, overall market demand declined significantly due to post-election challenges.

Despite the operating challenges spurred by global economic downturn, new competition and weakening regional currencies to major hard currencies, Group turnover rose by 41.5% driven by strong domestic market growth in Kenya, improved export sales to inland Africa markets coupled with better distribution strategy to improve service delivery and sustain operating margins bolstered the group's performance.

The Group experienced significant cost pressures compared to prior year. Production costs increased by 52.5% mainly due to inflationary pressure on key raw materials, higher power and coal costs exacerbated by poor power quality in Uganda. However, these were partly mitigated by a 22.9% decline in distribution costs due to remodelling exercise accentuated by lower use of purchased clinker in Uganda due to increased productivity.

In the face of the challenging cost environment, the Group's Operating Profit increased by 49%. During the period, a number of initiatives aimed at improving industrial productivity, operational efficiencies and prudent cost management were undertaken.

In 2008, the Group took a cautious view to provide for the outstanding insurance claim of KShs. 1,001 million in respect of the Mombasa Plant fire incident of 2007. In 2009, the Group continued to pursue settlement of the outstanding amount and to this end KShs. 218 million was received from the insurers.

Financing costs are below prior year due to full settlement of short-term borrowings used to cover delays in Mombasa fire insurance compensation in 2008.

Balance Sheet

The increase in fixed assets is due to capital expenditure projects, mainly the Hima Plant capacity increase project in Uganda and the Nairobi Grinding Plant Pozzolana Drier project. Both projects are progressing well and will be completed within the anticipated period.
The reduction in net working capital is a result of cash generation cycle acceleration initiatives undertaken during the period.
The reduction in current assets was partly attributed to better trade receivables, receipt of Mombasa plant fire insurance claim and stock rationalisation initiatives. Furthermore, current liabilities' optimization was achieved through negotiations of supplier payment terms with the consequent effect of lowering the level of down payments. Non-current liabilities relate to draw down borrowings in Uganda to finance the Hima capacity expansion project.

Cash flow

Overall cash position at end of June was ahead of prior year mainly on account of better operating performance, receipt of fire insurance claim payments and effective working capital management.

Outlook for the second half of 2009

Construction of the Group's KShs 7 billion new clinker and cement plant in Uganda is progressing well and is expected to be in operation by mid next year.
The Group looks to the second half of 2009 with cautious optimism due to projected slowdown in regional economies' expansion on account of global economic downturn. The prolonged drought in Kenya is expected to impact cement consumption and will adversely affect the cost of power due to expected increase in use of thermal power.
To steer through the challenges in the second half, the Group will strive to optimise productivity, protect its market share and cushion itself through various cost containment initiatives.

Interim Dividend

The Board of Directors is pleased to announce the payment of an interim dividend of 30% per ordinary share (KShs. 1.50 per share) totalling KShs. 545 Million.

Closure of Share Register

The interim dividend will be paid on or about 23 October 2009 to members on the register at the close of business on 29 September 2009. The register of members will close at 4.30 pm on 29 September 2009 and will remain closed up to 2 October 2009.

By Order of the Board,

Ms. B Kanyagia,
Company Secretary
31 August 2009

LAFARGE

Bamburi cement