

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 |
| | 31/3/2003 | 31/3/2002 | 31/3/2003 | 31/3/2002 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 407,004 | 439,358 | 407,004 | 439,358 |
| Profit from Operations | 3,415 | 28,451 | 3,415 | 28,451 |
| Finance costs | (11,701) | (14,732) | (11,701) | (14,732) |
| Share of results of associates | 1,132 | (141) | 1,132 | (141) |
| Other Investing Results | 162 | 67 | 162 | 67 |
| (Loss)/Profit before Tax | (6,992) | 13,645 | (6,992) | 13,645 |
| Taxation | 340 | (87) | 340 | (87) |
| (Loss)/Profit after tax | (6,652) | 13,558 | (6,652) | 13,558 |
| Minority Interests | 1,302 | 355 | 1,302 | 355 |
| Net (Loss)/Profit for the period | (5,350) | 13,913 | (5,350) | 13,913 |
| Depreciation and amortisation | 45,822 | 46,074 | 45,822 | 46,074 |
| Earning per share (sen) | (0.18) | 0.48 | (0.18) | 0.48 |

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2002)

MALAYAN CEMENT BERHAD
(1877-T)

CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | As at 31/3/2003 RM'000 | As at 31/12/2002 RM'000 |
|--|------|------------------------------|-------------------------------|
| Property, Plant and Equipment | | 2,706,496 | 2,751,293 |
| Deferred Expenditure | | 3,544 | 3,560 |
| Associated Companies | | 17,748 | 16,615 |
| Investments | | 7,226 | 7,176 |
| Goodwill on Consolidation | | 1,179,011 | 1,140,662 |
| <u>Current Assets</u> | | | |
| Inventories | | 225,832 | 230,733 |
| Trade Receivables | | 286,411 | 281,329 |
| Other Receivables | | 67,859 | 79,004 |
| Term Deposits | | 12,760 | 23,817 |
| Cash and bank balances | | 71,695 | 54,790 |
| | | <u>664,557</u> | <u>669,673</u> |
| <u>Current Liabilities</u> | | | |
| Trade Payables | | 203,891 | 166,440 |
| Other Payables and accruals | | 89,185 | 114,806 |
| Amount due to holding companies | | 527 | 1,255 |
| Tax liabilities | | 7,698 | 9,520 |
| Borrowings | 11 | 169,800 | 219,640 |
| | | <u>471,101</u> | <u>511,661</u> |
| Net Current Assets | | <u>193,456</u> | <u>158,012</u> |
| | | <u>4,107,481</u> | <u>4,077,318</u> |
| <u>Shareholders' Funds</u> | | | |
| Share Capital - Ordinary shares of RM0.50 each | | 1,446,828 | 1,446,828 |
| Reserves: | | | |
| Share Premium | | 1,113,648 | 1,113,648 |
| Capital Reserve | | 33,968 | 33,968 |
| Capital Redemption Reserve | | 159 | 159 |
| Retained Earnings | | 501,304 | 548,461 |
| Exchange Equalisation Reserve | | 25,823 | 27,416 |
| Total Reserves | | <u>1,674,902</u> | <u>1,723,652</u> |
| Shareholders' Funds | | 3,121,730 | 3,170,480 |
| Minority Interests | | 40,977 | 40,092 |
| Long Term Borrowings | 11 | 800,000 | 800,000 |
| Provision for Retirement Benefits | | 19,312 | 18,359 |
| Deferred Taxation | | 125,462 | 48,387 |
| | | <u>4,107,481</u> | <u>4,077,318</u> |
| Net tangible assets per share (RM) | | <u>0.67</u> | <u>0.70</u> |

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31st December 2002)

MALAYAN CEMENT BERHAD
(1877-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Current Year To Date 31/3/2003 RM'000 | Preceding Year To Date 31/3/2002 RM'000 |
|--|--|--|
| Net (Loss)/Profit before tax | (6,992) | 13,645 |
| Adjustment for :- | | |
| Non-cash items | 45,752 | 48,186 |
| Non-operating items | 11,519 | 13,743 |
| Operating profit before changes in working capital | 50,279 | 75,574 |
| <u>Changes in working capital</u> | | |
| Net change in current assets | 10,525 | 1,037 |
| Net change in current liabilities | 27,094 | (20,210) |
| Retirement benefits paid | (121) | (1,685) |
| Tax (paid)/refund | (1,473) | 1,157 |
| Net cash generated from operating activities | 86,304 | 55,873 |
| <u>Cash Flows From Investing Activities</u> | | |
| Other investments | (1,673) | (11,952) |
| Equity investments | (50) | - |
| Net cash used in investing activities | (1,743) | (11,952) |
| <u>Cash Flows From Financing Activities</u> | | |
| Net (repayment)/drawdown of borrowings | (49,840) | 24,993 |
| Interest paid | (27,693) | (31,643) |
| Net cash used in financing activities | (77,533) | (6,650) |
| Net Change in Cash & Cash Equivalents | 7,048 | 37,271 |
| Effects of currency translation | (1,200) | (380) |
| Cash & Cash Equivalents at beginning of the year | 78,607 | 44,600 |
| Cash & Cash Equivalents at end of the period | 84,455 | 81,491 |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2002)

MALAYAN CEMENT BERHAD
(1877-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Note | Share Capital | Share Premium | Capital Reserve | Exchange Equalisation Reserve | Retained Earnings | Capital Redemption Reserve | Total |
|---------------------------------|------|------------------|------------------|--------------------|-------------------------------------|----------------------|----------------------------------|------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 1 January 2003 | | | | | | | | |
| - as previously reported | | 1,446,828 | 1,113,648 | 33,968 | 27,416 | 548,461 | 159 | 3,170,480 |
| - prior year adjustments | 1 | | | | | (41,807) | | (41,807) |
| - as restated | | <u>1,446,828</u> | <u>1,113,648</u> | <u>33,968</u> | <u>27,416</u> | <u>506,654</u> | <u>159</u> | <u>3,128,673</u> |
| Exchange translation difference | | | | | (1,593) | | | (1,593) |
| Net profit for the year | | | | | | (5,350) | | (5,350) |
| As at 31 March 2003 | | <u>1,446,828</u> | <u>1,113,648</u> | <u>33,968</u> | <u>25,823</u> | <u>501,304</u> | <u>159</u> | <u>3,121,730</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 2002)

MALAYAN CEMENT BERHAD
(1877-T)

NOTES TO CONDENSED FINANCIAL STATEMENT

1. Basis of preparation

This interim report is prepared in accordance with MASB 26 “Interim Financial Reporting” and paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2002.

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 2002 except for the adoption of accounting policy on deferred taxation under MASB 25 “Income Taxes”.

The effects of the change in accounting policies on the comparative figures are summarised below:

| | As at 31 December 2002 | | |
|-------------------------------|-------------------------------------|---|------------------------|
| | As Previously Stated | Effect of Change in policy | As restated |
| | RM'000 | RM'000 | RM'000 |
| Goodwill on consolidation | 1,140,662 | 38,349 | 1,179,011 |
| Retained earnings | 548,461 | (41,807) | 506,654 |
| Minority interests | 40,092 | 2,400 | 42,492 |
| Deferred tax liability | 48,387 | 77,756 | 126,143 |
| | RM | RM | RM |
| Net tangible assets per share | 0.70 | (0.03) | 0.67 |

2. Audit Report

The audit report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.

3. Exceptional Item

There was no exceptional item for the financial quarter ended 31 March 2003.

4. Extraordinary Item

There was no extraordinary item for the financial quarter ended 31 March 2003.

5. Taxation

Taxation comprises: -

| | Current Year Quarter 31/3/2003 RM'000 | Current Year to Date 31/3/2003 RM'000 |
|---------------------------|--|--|
| Current taxation | (933) | (933) |
| Deferred taxation | 357 | 357 |
| Associate company | - | - |
| In respect of prior years | 916 | 916 |
| | <u>340</u> | <u>340</u> |

The effective rate on the Group's tax credit against its loss for the quarter is lower than the applicable statutory tax rates in Malaysia and Singapore due mainly to the non-deductibility of certain expenses and the tax exempted shipping income of a subsidiary.

6. Valuation of property, plant and equipment

The carrying value of property, plant and equipment is based on the valuation incorporated in the annual financial statements for the year ended 31 December 2002.

7 Profit/(loss) on sale of Unquoted Investments and/or Properties

During the financial quarter under review, there was no disposal of unquoted investments and properties.

8 Quoted Securities

- a) There were no purchases or disposal of quoted securities during the financial quarter under review.
- b) Investment in quoted securities as at 31 March 2003 is as follows: -

| | |
|-----------------------------------|--------------|
| | RM'000 |
| At cost | 4,286 |
| Provision for diminution in value | (2,006) |
| At book value | <u>2,280</u> |
| At market value | <u>1,573</u> |

9 Changes in Group composition

There were no changes to the Group composition during the financial quarter ended 31 March 2003.

10 Status of Corporate Proposals

On 9 April 2001, Commerce International Merchant Bankers Berhad ("CIMB") announced on behalf of the Company that the Securities Commission ("SC") had on 6 April 2001 approved the Proposed Special Issue of up to 557,168,461 new ordinary shares of RM0.50 each to Bumiputera Investors ("Proposed Special Issue") subject to certain terms and conditions. Subsequently, the approvals of the Foreign Investment Committee and Ministry of International Trade and Industry were obtained on 24 April 2001 and 27 April 2001 respectively. On 4 May 2001, the Company submitted an appeal to the SC to extend the time for the implementation of the Proposed Special Issue on a staggered basis within a period of 3 years from the date of receipt of the last of all relevant approvals necessary to implement the Proposed Special Issue. SC in its

letter dated 21 June 2001 rejected the above appeal and required that the Proposed Special Issue be implemented within 12 months from the SC's approval letter of 6 April 2001.

On 8 February 2002, the Company applied to the SC for an extension of time to 26 April 2004, to complete the Proposed Special Issue on a staggered basis. SC via its letter dated 26 February 2002 granted an extension of time to 26 April 2003 for the Company to implement the Proposed Special Issue. The approval of shareholders for the Proposed Special Issue to Bumiputera investors was obtained at the EGM held on 27 August 2002. On 26 February 2003, the approval in principle for the additional listing of and quotation for up to 557,168,461 new ordinary shares of RM0.50 each in the Company was granted by the Kuala Lumpur Stock Exchange. A total of 7 approved Bumiputera investors applied for a total of 4,940,000 shares in the special issue and the new shares were allotted on 4 April 2003 and listed and quoted on 18 April 2003. SC via its letter dated 9 May 2003 granted an extension of time for one (1) year, from 26 April 2003 to 26 April 2004 to implement the Proposed Special Issue for the outstanding shares.

11 Group Borrowings

Total Group borrowings as at 31 March 2003:-

| | |
|---|----------------|
| <u>Long-term borrowings</u> | RM'000 |
| Unsecured | |
| Syndicated term loan | 300,000 |
| Term Unsecured Loan incorporating preference shares (TULIPs Facility) | 500,000 |
| | <u>800,000</u> |
| <u>Short-term borrowings</u> | |
| Unsecured : | |
| Commercial papers | 120,000 |
| Bankers' acceptances | 49,800 |
| | <u>169,800</u> |

12 Capital Issues and Repayment and Dealings in Own Shares

Save as disclosed above, there were no other issuance and repayment of debt and equity securities, share buy backs, share cancellations, share held as treasury shares and resale of treasury shares during the quarter.

13 Contingent Liabilities

The Group has no contingent liabilities as at the date of this report.

14 Off Balance Sheet Financial Instruments

The Group has no material off balance sheet financial instruments as at the date of this report.

15 Material Litigation

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

16 Segmental Information

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

Current Year to Date

| <u>By Business Segment</u> | Cement & Clinker | Other building materials | Ready- mixed concrete | Other operations | Elimination | Consolidated |
|--------------------------------|-------------------------------------|---|--------------------------------------|-----------------------------|--------------------|-----------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | | | | | | |
| External sales | 268,944 | 46,777 | 85,508 | 5,775 | - | 407,004 |
| Inter-segment sales | 28,870 | 215 | 1,137 | 2,840 | (33,062) | - |
| Total revenue | <u>297,814</u> | <u>46,992</u> | <u>86,645</u> | <u>8,615</u> | <u>(33,062)</u> | <u>407,004</u> |
| RESULTS | | | | | | |
| Segment result | 2,314 | 2,390 | (2,015) | 706 | - | 3,395 |
| Unallocated corporate expenses | | | | | | - |
| Profit from operation | | | | | | <u>3,395</u> |
| Interest expenses | | | | | | (11,701) |
| Interest income | | | | | | 182 |
| Share of results of associates | | | | | | 1,132 |
| Taxation | | | | | | <u>340</u> |
| Profit after tax | | | | | | <u><u>(6,652)</u></u> |

17 Comparison with Preceding Quarter

| | Current Quarter 31/3/2003 RM'000 | Preceding Quarter 31/12/2002 RM'000 |
|---------------------------------|---|--|
| Revenue | <u>407,004</u> | <u>394,902</u> |
| (Loss)/Profit before income tax | <u>(6,992)</u> | <u>33,118</u> |

Revenue was higher during the current quarter compared to preceding quarter due to higher domestic sales as a result of an increase in construction activities. Despite the higher sales revenue, the Group reported a loss against preceding quarter profit mainly due to lower selling prices in January 2003, scheduled plant shut downs for repairs and maintenance during the quarter which resulted in higher production costs and lower production volume.

18 Review of Performance

The lower revenue during the current quarter compared to the corresponding quarter last year was mainly due to lower domestic cement and ready-mixed concrete sales and lower net selling prices as a result of keener competition. This together with higher production costs and lower production arising from more scheduled shut downs for repairs and maintenance being concentrated during the current quarter, resulted in a loss compared to profit of the corresponding quarter last year. Plant performance would be better evaluated on a half-yearly basis than on a quarterly basis due to the difference in timing of scheduled plant maintenance from year to year.

19 Material Events Subsequent to quarter end

There are no material events subsequently to the quarter ended 31 March 2003 that have not been reflected in the financial statement for the quarter under review.

20 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.

21 Prospects for the Year 2003

The negative impact of the SARS epidemic on the Asian economy and the uncertainty of the global economy surrounding the post-Iraq war are expected to affect consumer confidence and domestic economies of Malaysia and Singapore. While the additional economic stimulus package recently announced by the Government is expected to have a positive impact upon the Malaysian economy, the impact upon the Group's operations is however uncertain at this stage. Barring unforeseen circumstances, the Directors are cautiously optimistic of a better performance for the financial year ending 31 December 2003.

22 Profit Forecast and Profit Guarantee

The group did not publish any profit forecast or profit guarantee during the financial quarter ended 31 March 2003.

23 Dividend

For the financial quarter under review, the Directors are not recommending any payment of dividend.

Dated: 26 May 2003
Petaling Jaya