

**YTL CEMENT BERHAD (Company No. 31384-K)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated result for the period ended 31 December 2003

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2003	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2002	6 MONTHS ENDED 31.12.2003 31.12.2002	
	RM'000	RM'000	RM'000	RM'000
REVENUE	108,008	95,258	238,566	190,712
OPERATING EXPENSES	(91,173)	(80,239)	(202,999)	(158,549)
OTHER OPERATING INCOME	1,209	1,276	2,403	1,944
PROFIT FROM OPERATION	18,044	16,295	37,970	34,107
FINANCE COSTS	(323)	(228)	(674)	(545)
SHARE OF RESULTS OF ASSOCIATED COMPANY	17,721	16,067	37,296	33,562
PROFIT BEFORE TAXATION	21,341	18,523	48,168	36,378
TAXATION	(4,089)	(2,587)	(8,370)	(6,605)
PROFIT AFTER TAXATION	17,252	15,936	39,798	29,773
MINORITY INTEREST	94	23	174	148
NET PROFIT FOR THE PERIOD	17,346	15,959	39,972	29,921
<b>EARNINGS PER SHARE</b>				
Basic (Sen)	12.06	11.46	27.77	21.49
Diluted (Sen)	9.50	9.60	22.12	18.04

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2003

**YTL CEMENT BERHAD (Company No. 31384-K)**  
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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>AS AT 31.12.2003 RM'000</b>	<b>AS AT 30.6.2003 RM'000</b>
PROPERTY, PLANT & EQUIPMENT	198,716	192,052
	-----	-----
INVESTMENT IN ASSOCIATED COMPANIES	125,793	115,112
	-----	-----
CAPITAL WORK IN PROGRESS	4,960	4,960
	-----	-----
GOODWILL	396	396
	-----	-----
<b>CURRENT ASSETS</b>		
Inventories	18,397	11,872
Trade receivables	102,904	111,626
Tax Recoverable	1,720	1,710
Other receivables	12,450	7,894
Inter-company Balances	1,594	543
Deposits, Bank & Cash Balances	129,047	110,429
	-----	-----
	266,112	244,074
	-----	-----
<b>CURRENT LIABILITIES</b>		
Trade payables	31,772	39,828
Other payables	37,618	26,583
Hire purchase creditors	798	66
Inter-Company Balances	33,755	51,441
Short term Borrowings	48,875	41,177
Taxation	2,867	1,854
	-----	-----
	155,685	160,949
	-----	-----
<b>NET CURRENT ASSETS</b>	110,427	83,125
	-----	-----
	440,292	395,645
	=====	=====

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**CONDENSED CONSOLIDATED BALANCE SHEETS - continued**

	<b>AS AT 31.12.2003 RM'000</b>	<b>AS AT 30.6.2003 RM'000</b>
<b>SHARE CAPITAL</b>		
Ordinary shares	150,488	146,991
<b>RESERVES</b>		
Share premium	18,557	16,634
Retained profits	260,012	220,040
Others	5	3
Treasury shares, at cost	(24,425)	(18,858)
	-----	-----
<b>SHAREHOLDERS' FUNDS</b>	404,637	364,811
<b>MINORITY INTERESTS</b>	2,890	3,064
<b>LONG TERM LIABILITIES</b>		
Hire purchase creditors	1,071	72
Deferred taxation	31,694	27,698
	-----	-----
	440,292	395,645
	=====	=====
 Net Tangible assets per share (Sen)	 283.9	 259.3
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2003

**YTL CEMENT BERHAD (Company No. 31384-K)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>AS AT 31.12.2003 RM'000</b>	<b>AS AT 31.12.2002 RM'000</b>
Net cash (used in) operating activities	20,212	31,752
	=====	=====
Net cash (used in) investing activities	(12,378)	(9,679)
	=====	=====
Net cash generated from financing activities	10,784	(2,540)
	=====	=====
Net (decrease) / increase in cash and cash equivalents	18,618	19,533
Cash and cash equivalents at beginning of the year	110,429	66,979
	-----	-----
Cash and cash equivalent at end of the period (note a)	129,047	86,512
	=====	=====

**Note (a)**

Cash and cash equivalent	<b>31.12.2003 RM'000</b>	<b>31.12.2002 RM'000</b>
Cash and bank balances	7,448	8,983
Fixed Deposit	121,599	77,529
	-----	-----
Cash and cash equivalent at end of the period	129,047	86,512
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2003

**YTL CEMENT BERHAD (Company No. 31384-K)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2003**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Translation Reserve RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Retained Profit RM'000</b>	<b>Total RM'000</b>
As at 01 July 2003	146,991	16,634	3	(18,858)	220,040	364,810
Issue of Share Capital	3,497	1,923	-	-	-	5,420
Gain not recognised In Income statement -Foreign Currency Translation Difference			2			2
Profit for the period	-	-	-	-	39,972	39,972
Shares repurchased				(5,567)		(5,567)
	-----	-----	-----	-----	-----	-----
As at 31 December 2003	<u>150,488</u>	<u>18,557</u>	<u>5</u>	<u>(24,425)</u>	<u>260,012</u>	<u>404,637</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2002**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Translation Reserve RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Retained Profit RM'000</b>	<b>Total RM'000</b>
As at 01 July 2002	145,480	15,802	3	(18,145)	173,163	316,303
Issue of Share Capital	20	11	-	-	-	31
Gain not recognised In Income statement -Foreign Currency Translation Difference			(2)			(2)
Profit for the period					29,921	29,921
	-----	-----	-----	-----	-----	-----
As at 31 December 2002	<u>145,500</u>	<u>15,813</u>	<u>1</u>	<u>(18,145)</u>	<u>203,084</u>	<u>346,253</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2003

**INTERIM FINANCIAL REPORT**

**Notes :**

**Disclosure requirement per MASB 26 – paragraph 16**

**A1. Accounting Policies**

The interim financial report has been prepared based on the same accounting policies and methods of computation adopted in the most recent annual financial statement. There have been no significant changes to those policies.

**A2. Audit Report of preceding financial year ended 30 June 2003**

The Auditors' Reports on the financial statements of the preceding financial year were not subject to any qualification.

**A3. Seasonality or Cyclicity of Operations**

The business operations of the Group are not materially affected by any seasonal or cyclical factor.

**A4. Exceptional or Unusual Items**

During the current financial quarter, there was no item of an exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

**A5. Changes in estimates of amounts reported**

There was no change to estimate of amount reported in prior interim periods and prior financial years.

**A6. Changes in Debt and Equity Securities**

During the current financial quarter, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities

**A7. Dividend**

No dividend has been paid for the current financial quarter.

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

**A8. Segment Reporting**

No segment information is prepared as the Group's activities are predominantly in one industry segment and occur predominantly in Malaysia.

**A9. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation.

**A10. Material Events Subsequent to the end of the interim period**

There were no material events subsequent to the end of the current financial quarter.

**A11. Changes in the Composition of the Group**

There was no change in the composition of the Group for the current financial quarter.

For the current financial year to date, a total of 3,496,250 ordinary shares of RM1.00 each were issued pursuant to the exercise of 3,496,250 1994/2004 warrants.

During the current financial year to date, the Company purchase a total of 1,121,900 ordinary shares from the open market at an average price of RM4.962 per shares. During the quarter ended 31 December 2003, a total of 1,120,800 shares were purchased from the open market for a total consideration of RM5,562,329. The shares buy-back were financed by internally generated funds. The shares are being held as treasury shares.

**A12. Changes in Contingent Liabilities**

There has been no material change in the contingent liabilities of the Group since the last annual balance sheet as at 30 June 2003.

The Company has given corporate guarantees amounting to RM78 million to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows :-

	<b>Total Amount Guaranteed RM'000</b>	<b>Amount Utilised RM'000</b>
Letters of credit/trust receipts/bankers acceptances/ overdrafts/bankers guarantees	78,000	22,695

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

**Disclosure requirement per KLSE listing requirements Part A of Appendix 9B**

**B1. Review of Performance**

The Group recorded a revenue of RM108.01 million for the quarter ended 31 December, 2003 representing an increase of 13.38% from RM95.26 million in the corresponding period ended 31 December 2002. The Group's profit before tax also increased from RM18.52 million to RM21.34 million in the corresponding period ended 31 December 2002, representing an increase of 15.22%. The increase in revenue and profit before tax was attributed to greater demand for cement during the period under review.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31.12.2003 RM'000</b>	<b>Preceding Quarter 30.09.2003 RM'000</b>
Revenue	108,008	130,559
Consolidated profit before taxation	21,341	26,828
Consolidated profit after taxation after minority interests	17,346	22,627

During the current financial quarter ended 31 December 2003, the Group recorded a revenue of RM108.01 million, representing an decrease of 17.27% from RM130.56 million in the preceding quarter.

In tandem with the decrease in revenue, the Group's profit before taxation reduced from RM26.83 million in the preceding quarter to RM21.34 million, representing a decrease of 20.46%. mainly attributed to reduced cement and other building material consumption during the festive and rainy seasons in the quarter ended 31 December 2003

**B3. Prospects**

After considering the current market demand for ready-mixed concrete and cement, the Group expects to achieve a satisfactory level of operating performance for the financial year ending 30 June 2004.

**B4. Profit Forecast**

The Group did not issue any profit forecast or profit guarantee during the current financial quarter.



**INTERIM FINANCIAL REPORT**

Notes : - continued

**B5. Taxation**

Tax comprises the following: -

	<b>Current Year Quarter 31.12.2003 RM'000</b>	<b>Current Year To Date 31.12.2003 RM'000</b>
Tax charged for the period	2,330	4,082
Transferred to deferred taxation	1,596	3,996
Tax on share of profits of associated companies	163	292
	-----	-----
	4,089	8,370
	=====	=====

The provision for taxation for the current quarter and financial year to date reflects an effective tax rate lower than the statutory tax rate due mainly to the availability of reinvestment allowances.

**B6. Sales of Unquoted Investment and /or Properties**

There was no sale of unquoted investment or properties during the current financial quarter.

**B7. Quoted Investment**

During the current financial quarter, there was no purchase or disposal of quoted investment. The Group does not have any quoted investment at the end of the current financial quarter.

**B8. Corporate Development**

On 12 September 2003, the Company entered into a conditional sale and purchase agreement with Perbadanan Setiausaha Kerajaan Pahang and Pasdec Corporation Sdn. Bhd. , to acquire 70,000,000 ordinary shares of RM1 each in Pahang Cement Sdn. Bhd. (PCSB) representing the remaining 50% equity interest in PCSB not already owned by the Company for a purchase consideration of RM138,000,000 to be satisfied by the issuance of 36,800,000 new YTL Cement Berhad shares (New YTL Cement Shares) at an issue price of RM3.75 per New YTL Cement Shares.

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The Proposed Acquisition has been approved by the shareholders of the Company at an Extraordinary General Meeting held on 4 December 2003. Approval from Securities Commission (“SC”) was received on 20 January 2004 vide its letter dated 19 January 2004.

The Ministry of International Trade and Industry has vide its letter dated 28 January 2004, which was received on 29 January 2004 approved the Proposed Acquisition.

The Proposed Acquisition is still subject to and conditional upon the approval of the Malaysia Securities Exchange Berhad for the listing of and quotation for the New YTL Cement Shares to be issued pursuant to the Proposed Acquisition.

**B9. Group Borrowings and Debt Securities**

The Group’s borrowings from financial institutions as at end of the current financial quarter are:

The Group’s borrowings from financial institutions as at end of the current financial year to date are as follows :

	<b>Short term RM’000</b>	<b>Long term RM’000</b>	<b>Total RM’000</b>
Secured	-	-	-
Unsecured	48,875	-	48,875
	-----	-----	-----
	48,875	-	48,875
	=====	=====	=====

The borrowings are denominated in Ringgit Malaysia.

**B10. Off Balance Sheet Financial Instruments**

No off balance sheet financial instruments were utilised for the current financial quarter.

**B11. Material litigation**

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

**B12. Dividend**

No dividend has been declared for the current financial quarter.

**B13. Earnings Per Share**

**i) Basic earnings /(loss) per share**

The basic earnings /(loss) per share of the Group has been computed by dividing the net profit for the financial quarter by the weighted average number of ordinary share in issue during the financial quarter.

	<b>Current Quarter 31.12.2003</b>	<b>Preceding Year Corresponding Quarter 31.12.2002</b>
Net profit /(loss) for the period (RM'000)	17,346 =====	15,959 =====
Weighted average number of ordinary shares ('000)	143,838 =====	139,273 =====
Basic earnings per share (sen)	12.06 =====	11.46 =====

**ii) Diluted earnings /(loss) per share**

The diluted earnings /(loss) per share of the Group has been computed by dividing the net profit for the financial quarter by the adjusted weighted average number of ordinary share, assuming full conversion of the warrants in issue during the financial quarter.

	<b>Current Quarter 31.12.2003</b>	<b>Preceding Year Corresponding Quarter 31.12.2002</b>
*Net profit /(loss) for the period (RM'000)	17,346 =====	15,959 =====
Weighted average number of ordinary shares('000)	143,838	139,273
-ordinary shares deemed issued for no consideration on assumed exercise of Warrants & ESOS	38,759	26,979
Adjusted weighted average of ordinary shares	----- 182,597 =====	----- 166,252 =====

**YTL CEMENT BERHAD (Company No. 31384-K)**  
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**Notes : - continued**

*Diluted earnings per share (sen)	9.50	9.60
	=====	=====

*\*Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM96.567 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM96.567 million resulting in an increase in NTA per share of RM0.48. In arriving at the Diluted earnings per share, NTA and NTA per share, no income has been accrued for the cash proceeds.*

By Order of the Board  
DATO' YEOH SOO MIN  
HO SAY KENG  
Secretaries

Kuala Lumpur  
Dated : 26 February 2004