

YTL CEMENT BERHAD

Company No. 31384-K
Incorporated in Malaysia

Interim Financial Report
30 September 2009

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Interim financial report on consolidated result for the quarter ended 30 September 2009.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2008 RM'000	3 MONTHS ENDED	
				30.09.2009 RM'000
REVENUE	447,622	458,950	447,622	458,950
COST OF SALES	(270,463)	(275,471)	(270,463)	(275,471)
GROSS PROFIT	177,159	183,479	177,159	183,479
OTHER OPERATING EXPENSE	(68,559)	(74,763)	(68,559)	(74,763)
OTHER OPERATING INCOME	4,414	4,992	4,414	4,992
PROFIT FROM OPERATION	113,014	113,708	113,014	113,708
FINANCE COSTS	(6,586)	(11,987)	(6,586)	(11,987)
SHARE OF PROFIT OF ASSOCIATED COMPANY	51	93	51	93
PROFIT BEFORE TAXATION	106,479	101,814	106,479	101,814
TAXATION	(14,601)	(11,170)	(14,601)	(11,170)
DEFERRED TAXATION	(13,223)	(14,172)	(13,223)	(14,172)
PROFIT FOR THE PERIOD	78,655	76,472	78,655	76,472
ATTRIBUTABLE TO :				
SHAREHOLDERS OF THE COMPANY	69,274	69,198	69,274	69,198
MINORITY INTEREST	9,381	7,274	9,381	7,274
NET PROFIT FOR THE PERIOD	78,655	76,472	78,655	76,472
EARNINGS PER SHARE				
Basic (Sen)				
• Before Mandatory Conversion of ICULS	14.76	14.74	14.76	14.74
• After Mandatory Conversion of ICULS	10.71	10.70	10.71	10.70
Diluted (Sen)	10.65	10.65	10.65	10.65

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED AS AT 30.9.2009 RM'000	AUDITED AS AT 30.6.2009 RM'000
ASSETS		
Non-current Asset		
Property, Plant & Equipment	1,736,784	1,745,951
Prepaid payment on leasehold land	59,200	57,980
Investment properties	12,617	12,617
Investment in associated companies	44,978	44,927
Development Expenditure	35,182	34,922
Goodwill on Consolidation	71,287	71,287
	----- 1,960,048 -----	----- 1,967,684 -----
Current Assets		
Inventories	198,302	160,167
Trade receivables	248,863	256,400
Tax recoverable	3,378	3,641
Other receivables	53,359	89,000
Inter-company Balances	3,919	12,593
Deposits, Bank & Cash Balances	705,600	633,758
	----- 1,213,421 -----	----- 1,155,559 -----
TOTAL ASSETS	----- 3,173,469 =====	----- 3,123,243 =====

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.9.2009	30.6.2009
	RM'000	RM'000
Shares Capital	245,298	245,277
Share premium	121,854	121,802
Other Reserves	5,465	8,011
Retained profits	1,020,534	951,260
ICULS - Equity Component	372,221	372,221
Treasury shares, at cost	(82,925)	(82,832)
	-----	-----
Total Equity Attributable to Shareholders	1,682,447	1,615,739
Minority Interests	205,167	195,786
	-----	-----
TOTAL EQUITY	1,887,614	1,811,525
	-----	-----
LIABILITIES		
Other payables	13,996	13,807
Bank Borrowings	357,033	360,148
Hire purchase creditors	9,413	11,371
Deferred Taxation	57,773	43,172
ICULS- Liability Component	120,499	124,132
	-----	-----
Total Non-current Liabilities	558,714	552,630
	-----	-----
Trade payables	138,524	155,584
Other payables	160,355	159,814
Hire purchase creditors	6,207	5,549
Inter-Company Balances	36,553	55,287
Short term Borrowings	363,289	347,188
Provision for Taxation	22,213	18,066
Declared Dividend	0	17,600
	-----	-----
Total current Liabilities	727,141	759,088
	-----	-----
TOTAL LIABILITIES	1,285,855	1,311,718
	-----	-----
TOTAL EQUITY & LIABILITIES	3,173,469	3,123,243
	=====	=====
Net assets per 50 sen share (Sen)	343.26	329.07
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	FOR THE THREE MONTHS ENDED	
	30.9.2009	30.9.2008
	RM'000	RM'000
Net cash (used in) operating activities	92,132	25,710
	=====	=====
Net cash (used in) investing activities	(14,357)	(17,605)
	=====	=====
Net cash generated from financing activities	(5,933)	67,185
	=====	=====
Net (decrease) / increase in cash and cash equivalents	71,842	75,290
Cash and cash equivalents at beginning of the year	633,758	382,586
	-----	-----
Cash and cash equivalent at end of the period (note a)	705,600	457,876
	=====	=====
Note (a)		
Cash and cash equivalent		
	30.9.2009	30.9.2008
	RM'000	RM'000
Cash and bank balances	80,095	78,909
Fixed Deposit	625,505	378,967
	-----	-----
Cash and cash equivalent at end of the period	705,600	457,876
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Other Reserves RM'000	Retained Profit RM'000	Treasury Shares RM'000	ICULS Equity RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 July 2009										
-as previous reported	245,277	121,802	-	8,011	951,260	(82,832)	372,221	1,615,739	195,786	1,811,525
Currency translation Diff, representing net expenditure recognised directly in Equity				(2,714)				(2,714)		(2,714)
Net profit for the period					69,274			69,274	9,381	78,655
Total recognised income and expdt. for the period	-	-	-	(2,714)	69,274	-	-	66,560	9,381	75,941
Irredeemable Convertible Unsecured Loan Stocks								-		-
Dividend paid								-		-
Treasury shares						(93)		(93)		(93)
Issue of Share Capital	21	52	-	-	-	-	-	73		73
Acquisition of Subsidiary									-	-
Share-based payment under ESOS				168				168		168
As at 30 September 2009	245,298	121,854	-	5,465	1,020,534	(82,925)	372,221	1,682,447	205,167	1,887,614

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Other Reserves RM'000	Retained Profit RM'000	Treasury Shares RM'000	ICULS Equity RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 July 2008										
-as previous reported	245,170	121,435	-	11,144	777,684	(82,057)	372,242	1,445,618	170,200	1,615,818
Currency translation Diff, representing net expenditure Recognised directly in Equity				(5,698)				(5,698)		(5,698)
Net profit for the period					69,198			69,198	7,274	76,472
Total recognised income and expdt. for the period	-	-	-	(5,698)	69,198	-	-	63,500	7,274	70,774
Irredeemable Convertible Unsecured Loan Stocks								-		-
Dividend paid										
Treasury shares						(34)		(34)		(34)
Issue of Share Capital	68	197	-	-	-	-	-	265		265
Acquisition of Subsidiary										
Share-based payment Under ESOS	-	-	-	229	-	-	-	229	-	229
As at 30 September 2008	245,238	121,632	-	5,675	846,882	(82,091)	372,242	1,509,578	177,474	1,687,052

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements

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Disclosure requirements pursuant to FRS 134

The notes to the Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2009.

A1. Accounting Policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with FRS134₂₀₀₄ “Interim Financial Reporting” (formerly known as MASB 26) and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2009 except for the adoption of FRS 8, Operating Segments and early adoption of Amendments to FRS 8, Operating Segments effective from the financial period beginning 1 July 2009.

A2. Seasonality or Cyclicity of Operations

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

A3. 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.

A4. Changes in estimates of amounts reported

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

A5. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

- (i) During the current financial year to date, the Company repurchased a total of 22,600 ordinary shares of its issued share capital from the open market for a total consideration including transaction costs of RM92,728 at an average cost of RM4.10 per share. The shares are being held as treasury shares. As at 30 September 2009, the total shares bought back, all of which are held as treasury shares, amounted to 21,231,564 ordinary shares.

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- (ii) During the current financial quarter and financial year to date, a total of 18,000 and 25,000 ordinary shares of 50 sen each were issued at an exercise price of RM1.21 and RM2.08 respectively pursuant to the exercise of employees' share option scheme ("ESOS").

A6. Dividend

Dividend amounting to RM17,600,439 was paid on 16 July 2009 in respect of the third interim dividend of 7.5% single tier dividend declared for the year ended 30 June 2009.

A7. Segment Reporting

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

A8. Material Events Subsequent to the end of the interim period

There was no item, transaction or event of a material or unusual nature during the period from the end of the quarter under review to the date of this report.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial year ended 30 June 2009, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations except for the following:-

On 7 October 2009, YTL Cement (Hong Kong) Limited ("YTLC HK"), a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary known as Industrial Procurement Limited ("Industrial Procurement") in the Cayman Islands.

The authorised share capital of Industrial Procurement comprises 50,000 shares of US\$1.00 each. The issued and paid-up share capital of Industrial Procurement is US\$1.00 comprising 1 ordinary share of US\$1.00. Industrial Procurement will be principally involved in the procurement of machinery and industrial equipment and investment holding

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A10. 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 2009.

The Company has given corporate guarantees amounting to RM563 million to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows:-

	Total Amount Guaranteed RM'000	Amount Utilised RM'000
Letters of credit/trust receipts/bankers acceptances/ overdrafts/bankers guarantees	562,806	437,955
	=====	=====

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Disclosure requirements per Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of Performance

During the current financial quarter ended 30 September 2009, the Group recorded revenue of RM447.6 million, representing a reduction of 2.5% as compared to the preceding year corresponding quarter ended 30 September 2008.

Despite the reduction in sales, the Group recorded profit before taxation of RM106.5 million, representing an increase of 4.6% as compared to the preceding year corresponding quarter ended 30 September 2008. The increase in profit before tax was substantially attributed to improved operational efficiencies and lower production cost for the period under review.

B2. Comparison with Preceding Quarter

	Current Quarter 30.9.2009 RM'000	Preceding Quarter 30.6.2009 RM'000
Revenue	447,622	536,086
Consolidated profit before taxation	106,479	117,037
Consolidated profit after taxation after minority interests	69,274	71,507

During the current financial quarter ended 30 September 2009, the Group recorded revenue of RM447.6 million, representing a reduction of 16.5% from RM536.1 million recorded in the preceding quarter.

In tandem with the reduction in sales, the Group's profit before taxation reduced from RM117 million in the preceding quarter to RM106.4 million. The reduction in profit before tax was substantially attributed to lower demand for cement in the construction industry for the period under review.

B3. Prospects

Generally, the economies in which the Group operates are beginning to register improvements compared to the preceding quarter. However, the operating environment is expected to be challenging in the respective markets. The Group is continuing to address these challenges to maintain a satisfactory level of operating performance for the financial year ending 30 June 2010.

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B4. Profit Forecast

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

B5. Taxation

Tax comprises the following: -

	Current Year Quarter 30.9.2009 RM'000	Current Year To Date 30.9.2009 RM'000
Tax charged for the period	14,601	14,601
Transferred to deferred taxation	13,223	13,223
	-----	-----
	<u>27,824</u>	<u>27,824</u>

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

There was no purchase or sale of quoted investment during the current financial quarter and financial year to date.

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B8. Corporate Proposals

Save for the following, there were no corporate proposals announced and pending as at the date of this report:-

In relation to the proposed issue by the Company via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, of up to USD200 million nominal value five-year guaranteed Exchangeable Bonds which are exchangeable into new ordinary shares of RM0.50 each in the Company (“the Proposed Exchangeable Bonds Issue”), the Securities Commission, vide its letter dated 9 November 2009, granted the Company an extension of time until 4 April 2010 to complete the issue of the Proposed Exchangeable Bonds

B9. Group Borrowings and Debt Securities

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

	Short term RM'000	Long term RM'000	Total RM'000
Secured	95,738	184,023	279,761
Unsecured	267,551	173,010	440,561
	-----	-----	-----
	363,289	357,033	720,322
	=====	=====	=====

The borrowings which are denominated in foreign currency are as follows :-

In Singapore Dollar ('000)	2,000
	=====
In US Dollar ('000)	50,000
	=====

B10. Off Balance Sheet Financial Instruments

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

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B11. Material litigation

There was no material litigation since 30 June 2009, being the last annual balance sheet date, until the date of this report.

B12. Dividend

The Board of Directors declared an interim dividend of 7.5 % single tier for the current financial year ending 30 June 2010 and the book closure and payment dates in respect of the aforesaid dividend are 6 January 2010 and 21 January 2010 respectively.

B13. Earnings Per Share

i) Basic earnings per share

The basic earnings 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, assuming full conversion of 482,460,658 nominal value 100% of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 ("ICULS").

	Current Quarter 30.9.2009	Preceding Year Corresponding Quarter 30.9.2008
Net profit for the period (RM'000)	69,274 =====	69,198 =====
Weighted average number of ordinary shares ('000)	469,352	469,459
Assumed full conversion of ICULS	177,375 ----- 646,727 =====	177,383 ----- 646,842 =====
Basic earnings per 50 sen share (sen)		
○ Before Mandatory conversion of ICULS	14.76 =====	14.74 =====
○ After Mandatory conversion of ICULS	10.71 =====	10.70 =====

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ii) Diluted earnings per share

The diluted earnings 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 fully exercise of ESOS during the financial quarter.

	Current Quarter 30.9.2009	Preceding Year Corresponding Quarter 30.9.2008
Net profit for the period (RM'000)	69,274 =====	69,198 =====
Weighted average number of ordinary shares('000)	646,727	646,842
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	3,839 ----- 650,566 =====	2,797 ----- 649,639 =====
Diluted earnings per 50 sen share (sen)	10.65 =====	10.65 =====

B14. Audit Report of preceding financial year ended 30 June 2009

The Auditors' Report on the financial statements of the preceding financial year ended 30 June 2009 was not subject to any qualification.

By Order of the Board

HO SAY KENG
Secretary

Kuala Lumpur
Dated : 19 November 2009