

YTL CEMENT BERHAD

Company No. 31384-K

Incorporated in Malaysia

Interim Financial Report

31 March 2010

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Interim financial report on consolidated result for the quarter ended 31 March 2010.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2009 RM'000	9 MONTHS ENDED	
				31.03.2010 RM'000
REVENUE	428,982	485,824	1,360,215	1,436,750
COST OF SALES	(254,462)	(320,570)	(828,326)	(927,685)
GROSS PROFIT	174,520	165,254	531,889	509,065
OTHER OPERATING EXPENSE	(83,612)	(84,205)	(232,475)	(241,394)
OTHER OPERATING INCOME	22,986	3,879	32,075	13,369
PROFIT FROM OPERATION	113,894	84,928	331,489	281,040
FINANCE COSTS	(8,106)	(9,978)	(23,728)	(34,506)
SHARE OF PROFIT OF ASSOCIATED COMPANY	(80)	(980)	(778)	(842)
PROFIT BEFORE TAXATION	105,708	73,970	306,983	245,692
TAXATION	(5,162)	(8,274)	(24,983)	(33,144)
DEFERRED TAXATION	(17,223)	(10,859)	(51,132)	(29,344)
PROFIT FOR THE PERIOD	83,323	54,837	230,868	183,204
ATTRIBUTABLE TO :				
SHAREHOLDERS OF THE COMPANY	76,114	51,370	201,850	169,009
MINORITY INTEREST	7,209	3,467	29,018	14,195
NET PROFIT FOR THE PERIOD	83,323	54,837	230,868	183,204
EARNINGS PER SHARE				
Basic (Sen)				
• Before Mandatory Conversion of ICULS	16.17	10.95	42.95	36.01
• After Mandatory Conversion of ICULS	10.78	7.94	28.62	26.13
Diluted (Sen)	10.73	7.93	28.48	26.05

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 31.03.2010 RM'000	AUDITED AS AT 30.6.2009 RM'000
ASSETS		
Non-current Asset		
Property, Plant & Equipment	1,743,487	1,745,951
Prepaid payment on leasehold land	63,417	57,980
Investment properties	12,617	12,617
Investment in associated companies	5,030	44,927
Development Expenditure	35,182	34,922
Goodwill on Consolidation	142,480	71,287
	----- 2,002,213 -----	----- 1,967,684 -----
Current Assets		
Inventories	128,065	160,167
Trade receivables	234,890	256,400
Tax recoverable	5,652	3,641
Other receivables	65,547	89,000
Inter-company Balances	6,474	12,593
Deposits, Bank & Cash Balances	759,778	633,758
	----- 1,200,406 -----	----- 1,155,559 -----
TOTAL ASSETS	----- 3,202,619 =====	----- 3,123,243 =====

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.03.2010	30.6.2009
	RM'000	RM'000
Shares Capital	245,996	245,277
Share premium	124,015	121,802
Other Reserves	(3,180)	8,011
Retained profits	1,108,992	951,260
ICULS - Equity Component	370,455	372,221
Treasury shares, at cost	(83,403)	(82,832)
	-----	-----
Total Equity Attributable to Shareholders	1,762,875	1,615,739
Minority Interests	226,584	195,786
	-----	-----
TOTAL EQUITY	1,989,459	1,811,525
	-----	-----
LIABILITIES		
Other payables	14,145	13,807
Bank Borrowings	330,376	360,148
Hire purchase creditors	6,642	11,371
Deferred Taxation	99,231	43,172
ICULS- Liability Component	114,864	124,132
	-----	-----
Total Non-current Liabilities	565,258	552,630
	-----	-----
Trade payables	101,699	155,584
Other payables	176,410	159,814
Hire purchase creditors	5,861	5,549
Inter-Company Balances	6,880	55,287
Short term Borrowings	348,687	347,188
Provision for Taxation	8,365	18,066
Declared Dividend	0	17,600
	-----	-----
Total current Liabilities	647,902	759,088
	-----	-----
TOTAL LIABILITIES	1,213,160	1,311,718
	-----	-----
TOTAL EQUITY & LIABILITIES	3,202,619	3,123,243
	=====	=====
Net assets per 50 sen share (Sen)	374.47	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 NINE MONTHS ENDED	
	31.03.2010	31.03.2009
	RM'000	RM'000
Net cash generated operating activities	352,222	264,833
	=====	=====
Net cash used in investing activities	(155,878)	(46,698)
	=====	=====
Net cash (used in)/generated from financing activities	(70, 324)	22,961
	=====	=====
Net increase in cash and cash equivalents	126,020	241,096
Cash and cash equivalents at beginning of the year	633,758	382,586
	-----	-----
Cash and cash equivalent at end of the period (note a)	759,778	623,682
	=====	=====
Note (a)		
Cash and cash equivalent		
	31.03.2010	31.03.2009
	RM'000	RM'000
Cash and bank balances	89,760	44,014
Fixed Deposit	670,018	579,668
	-----	-----
Cash and cash equivalent at end of the period	759,778	623,682
	=====	=====

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 PERIOD ENDED 31 MARCH 2010

	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				(11,696)				(11,696)		(11,696)
Net profit for the period					201,850			201,850	29,018	230,868
Total recognised income and expdt. for the period	-	-	-	(11,696)	201,850	-	-	190,154	29,018	219,172
Irredeemable Convertible Unsecured Loan Stocks							(1,766)	(1,766)		(1,766)
Dividend paid					(44,118)			(44,118)		(44,118)
Treasury shares						(571)		(571)		(571)
Issue of Share Capital	719	2,213	-	-	-	-	-	2,932		2,932
Acquisition of Subsidiary								-	1,780	1,780
Share-based payment under ESOS				505				505		505
As at 31 March 2010	245,996	124,015	-	(3,180)	1,108,992	(83,403)	370,455	1,762,875	226,584	1,989,459

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 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				3,546				3,546		3,546
Diff, representing net expenditure recognised directly in Equity										
Net profit for the period					169,009			169,009	14,195	183,204
Total recognised income and expdt. for the period	-	-	-	3,546	169,009	-	-	172,555	14,195	186,750
Irredeemable Convertible Unsecured Loan Stocks								-		-
Dividend paid					(48,100)			(48,100)		(48,100)
Treasury shares						(775)		(775)		(775)
Issue of Share Capital	71	205	-	-	-	-	-	276		276
Acquisition of Subsidiary									-	-
Share-based payment under ESOS	-	-	-	(7,895)	-	-	-	(7,895)	-	(7,895)
As at 31 March 2009	245,241	121,640	-	6,795	898,593	(82,832)	372,242	1,561,679	184,395	1,746,074

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 Main Market 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 todate, the Company repurchased a total of 135,000 ordinary shares of its issued share capital from the open market for a total consideration of RM570,814 at an average cost of RM4.23 per share. During the quarter ended 31 March 2010, a total of 112,400 shares were purchased from the open market for a total consideration of RM478,085 at an average cost of RM4.25 per share. The shares are being held as treasury shares. As at 31 March 2010, the total shares bought back, all of which are held as treasury shares, amounted to 21,343,964 ordinary shares.

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- (ii) During the current financial quarter, a total of 145,000 ordinary shares of 50 sen each were issued at exercise price of RM2.08 pursuant to the exercise of employees' share option scheme ("ESOS"). For the current financial year todate, a total of 18,000 and 321,000 ordinary shares of 50 sen each were issued at an exercise price of RM1.21 and RM2.08 respectively pursuant to the exercise of ESOS.
- (iii) During the current financial quarter , a total of 115,552 ordinary shares of RM0.50 each were issued pursuant to the conversion of RM235,729 Nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015. For the current financial year todate, a total of 1,099,695 ordinary shares of RM0.50 each were issued pursuant to the conversion of RM2,243,389 Nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015.

A6. Dividend

Dividend amounting to RM17,600,439 was paid on 16 July 2009 in respect of the third interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each declared for the year ended 30 June 2009.

Dividend amounting to RM8,821,399 was paid on 24 December 2009 in respect of the final single tier dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each declared for the year ended 30 June 2009.

Dividend amounting to RM17,646,304 was paid on 21 January 2010 in respect of the first interim single tier dividend of 7.50% or 3.75 sen per ordinary share of 50 sen each declared for the year ending 30 June 2010.

Dividend amounting to RM17,650,630 was paid on 31 March 2010 in respect of the second interim single tier dividend of 7.50% or 3.75 sen per ordinary share of 50 sen each declared for the year ending 30 June 2010.

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.

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A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31st March 2010, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations except for the following:-

- (i) 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.

- (ii) The Company had on 6 May 2008 announced that it intended to strike off the name of Buildcon Vietnam Limited (“BVL”), a 70% -owned subsidiary of the Company, from the Register of International Business Companies, British Virgin Islands. BVL was officially struck off with effect from 2 November 2009.

- (iii) On 1 December 2009, YTLC HK incorporated a wholly-owned subsidiary in the People’s Republic of China known as Linan Lu Hong Transport Co. Ltd. (“LLHT”) with a registered capital of RMB 10 million. LLHT was set up to undertake the business of road transport of goods, storage and associated services.

- (iv) On 15 January 2010, YTL Industries Berhad (“YTL Industries”), the holding company, entered into a conditional Sale and Purchase Agreement (“Agreement”) with the Company for the disposal of 1,000,000 ordinary shares of RM1.00 each held by YTL Industries in Batu Tiga Quarry Sdn Bhd (“BTQ”), representing the entire equity interest in BTQ for a cash consideration of RM150,000,000 (“Disposal”).

The Disposal was completed on 26 March 2010. Consequent thereto, BTQ has become a wholly-owned subsidiary of the Company.

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 RM562 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	410,835

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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 31 March 2010, the Group recorded revenue of RM428.98 million, representing a reduction of 11.7% as compared to RM 485.82 million recorded in the preceding year corresponding quarter ended 31 March 2009.

Despite the reduction in revenue, the Group recorded profit before taxation of RM105.7 million, representing an increase of 42.91% as compared to RM73.9 million recorded in the preceding year corresponding quarter ended 31 March 2009. The increase in profit before tax was substantially attributed to improved operational efficiencies and gain from the disposal of its entire 21.48% stake comprising 9,520,000 shares in Jurong Cement Limited.

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2010 RM'000	Preceding Quarter 31.12.2009 RM'000
Revenue	428,982	483,611
Consolidated profit before taxation	105,708	94,796
Consolidated profit after taxation after minority interests	76,114	56,463

During the current financial quarter ended 31 March 2010, the Group recorded revenue of RM428.98 million, representing a reduction of 11.30% from RM483.6 million recorded in the preceding quarter.

Despite the lower sales revenue, the Group's profit before taxation increased from RM94.8 million in the preceding quarter to RM105.7 million. The increase in profit before tax was substantially attributed to improved operational efficiencies and gain from the disposal of its entire 21.48% stake comprising 9,520,000 shares in Jurong Cement Limited.

B3. Prospects

The Group, after considering the Group's current level of operations and current market conditions, is expected to achieve satisfactory 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 31.03.2010 RM'000	Current Year To Date 31.03.2010 RM'000
Tax charged for the period	5,162	24,983
Transferred to deferred taxation	17,223	51,132
	-----	-----
	<u>22,385</u>	<u>76,115</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 13 April 2010, granted the Company an extension of time until 4 October 2010 to complete the issue of the Proposed Exchangeable Bonds .

The approval given by the shareholders of the Company at the extraordinary general meeting held on 6 November 2007 for the Proposed Exchangeable Bonds Issue includes the authority for the directors of the Company to allot and issue such number of new ordinary shares of RM0.50 each in the Company which are required to be issued upon exchange of the Exchangeable Bonds in accordance with the terms of exchange and/or upon any adjustments of the exchange price of the Exchangeable Bonds in accordance with the terms regarding adjustments of the exchange price (“Authority to Allot/Issue Shares”). The Authority to Allot/Issue Shares had, in accordance with the Companies Act, 1965, lapsed. Shareholders of the Company had at the extraordinary general meeting held on 2 March 2010 approved the renewal of the Authority to Allot/Issue Shares.

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	85,741	147,351	233,092
Unsecured	262,946	183,025	445,971
	-----	-----	-----
	348,687	330,376	679,063
	=====	=====	=====

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

In Chinese RMB ('000)	20,000
	=====
In US Dollar ('000)	50,000
	=====

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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 since 30 June 2009, being the last annual balance sheet date, until the date of this report.

B12. Dividend

The Board of Directors declared a third interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each for the current financial year ending 30 June 2010 and the book closure and payment dates in respect of the aforesaid dividend are 30 June 2010 and 15 July 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 480,217,269 nominal value 100% of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 (“ICULS”).

	Current Quarter 31.03.2010	Preceding Year Corresponding Quarter 31.03.2009
Net profit for the period (RM'000)	76,114 =====	51,370 =====
Weighted average number of ordinary shares ('000)	470,577	469,272
Assumed full conversion of ICULS	235,401 ----- 705,978 =====	177,383 ----- 646,655 =====
Basic earnings per 50 sen share (sen)		
o Before Mandatory conversion of ICULS	16.17 =====	10.95 =====
o After Mandatory conversion of ICULS	10.78 =====	7.94 =====

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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 31.03.2010	Preceding Year Corresponding Quarter 31.03.2009
Net profit for the period (RM'000)	76,114 =====	51,370 =====
Weighted average number of ordinary shares('000)	705,978	646,655
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	3,427 ----- 709,405 =====	1,178 ----- 647,833 =====
Diluted earnings per 50 sen share (sen)	10.73 =====	7.93 =====

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 : 27 May 2010