

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated result for the period ended 30 June 2004

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2004	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2003	12 MONTHS ENDED 30.06.2004 30.06.2003	
	RM'000	RM'000	RM'000	RM'000
REVENUE	151,364	117,905	513,595	426,298
OPERATING EXPENSES	(124,000)	(103,740)	(429,486)	(361,034)
OTHER OPERATING INCOME	4,011	1,197	7,999	4,447
PROFIT FROM OPERATION	31,375	15,362	92,108	69,711
FINANCE COSTS	(4,027)	(307)	(6,264)	(1,148)
SHARE OF RESULTS OF ASSOCIATED COMPANY	27,348	15,055	85,844	68,563
PROFIT BEFORE TAXATION	1,109	5,820	14,390	12,144
TAXATION	28,457	20,875	100,234	80,707
PROFIT AFTER TAXATION	(4,325)	(3,658)	(15,830)	(14,120)
MINORITY INTEREST	24,132	17,217	84,404	66,587
NET PROFIT FOR THE PERIOD	(127)	110	186	343
EARNINGS PER SHARE				
Basic (Sen)	13.30	12.33	53.25	48.03
Diluted (Sen)	11.11	10.31	43.63	40.18

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

	AS AT 30.06.2004 RM'000	AS AT 30.6.2003 RM'000
PROPERTY, PLANT & EQUIPMENT	660,460	192,052
	-----	-----
INVESTMENT IN ASSOCIATED COMPANIES	3,087	115,112
	-----	-----
CAPITAL WORK IN PROGRESS	4,960	4,960
	-----	-----
GOODWILL	10,100	396
	-----	-----
CURRENT ASSETS		
Inventories	35,050	11,872
Trade receivables	122,144	111,626
Tax Recoverable	2,570	1,710
Other receivables	15,599	7,894
Inter-company Balances	2,079	543
Deposits, Bank & Cash Balances	262,417	110,429
	-----	-----
	439,859	244,074
	-----	-----
CURRENT LIABILITIES		
Trade payables	57,084	39,828
Other payables	75,972	26,583
Hire purchase creditors	1,012	66
Inter-Company Balances	15,036	51,441
Short term Borrowings	86,451	41,177
Taxation	2,074	1,854
	-----	-----
	237,629	160,949
	-----	-----
NET CURRENT ASSETS	202,230	83,125
	-----	-----
	880,837	395,645
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	AS AT 30.06.2004 RM'000	AS AT 30.6.2003 RM'000
SHARE CAPITAL		
Ordinary shares	191,634	146,991
RESERVES		
Share premium	122,147	16,634
Retained profits	284,468	220,040
Others	5	3
Treasury shares, at cost	(42,279)	(18,858)
	-----	-----
SHAREHOLDERS' FUNDS	555,975	364,811
MINORITY INTERESTS	2,879	3,064
LONG TERM LIABILITIES		
Hire purchase creditors	1,484	72
Deferred taxation	33,253	27,698
Bank Borrowings	287,246	-
	-----	-----
	880,837	395,645
	=====	=====
 Net Tangible assets per share (Sen)	 302.42	 259.3
	=====	=====

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

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	AS AT 31.06.2004 RM'000	AS AT 31.06.2003 RM'000
Net cash (used in) operating activities	95,073	72,206
Net cash (used in) investing activities	(26,262)	(14,153)
Net cash generated from financing activities	83,177	(14,605)
Net (decrease) / increase in cash and cash equivalents	151,988	43,448
Cash and cash equivalents at beginning of the year	110,429	66,981
Cash and cash equivalent at end of the period (note a)	262,417	110,429
Note (a)		
Cash and cash equivalent		
	30.06.2004 RM'000	30.06.2003 RM'000
Cash and bank balances	14,260	9,900
Fixed Deposit	248,157	62,269
Cash and cash equivalent at end of the period	262,417	72,169

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2004**

	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Treasury Shares RM'000	Retained Profit RM'000	Total RM'000
As at 01 July 2003	146,991	16,634	3	(18,858)	220,040	364,810
Issue of Share Capital	44,643	105,513	-	-	-	150,156
Gain not recognised In Income statement -Foreign Currency Translation Difference			2			2
Profit for the period	-	-	-	-	84,590	84,590
Shares repurchased				(23,421)		(23,421)
Dividend paid					(20,162)	(20,162)
	-----	-----	-----	-----	-----	-----
As at 30 June 2004	<u>191,634</u>	<u>122,147</u>	<u>5</u>	<u>(42,279)</u>	<u>284,468</u>	<u>555,975</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2003**

	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Treasury Shares RM'000	Retained Profit RM'000	Total RM'000
As at 01 July 2002	145,480	15,802	3	(18,145)	173,162	316,303
Issue of Share Capital	1,512	831				2,343
Gain not recognised In Income statement -Foreign Currency Translation Difference			(0)			(0)
Profit for the period					66,930	66,930
Shares repurchased				(713)		(713)
Dividend paid					(20,052)	(20,052)
	-----	-----	-----	-----	-----	-----
As at 30 June 2004	<u>146,991</u>	<u>16,634</u>	<u>3</u>	<u>(18,858)</u>	<u>220,040</u>	<u>364,810</u>

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

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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

The share subdivision into two (2) ordinary shares of RM0.50 each for every one (1) existing ordinary shares of RM1.00 each and amendment to the Memorandum of Association relation thereon was effective 1 July 2004.

The proforma effect of the subdivision on issued and paid-up capital, earnings per share and net tangible assets per shares are as follows:-

	As at 30.06.04	After subdivision of shares
Issued and paid-up share capital	191,634,148	383,268,296
	shares of RM1.00 each	shares of RM0.50 each
Earnings per share (basic) (sen)	53.25	26.63
Earnings per share (diluted)	43.63	21.82
Net tangible assets per share (RM)	3.02	1.51

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 7,842,702 ordinary shares of RM1.00 each were issued pursuant to the exercise of 7,842,702 1994/2004 warrants.

During the current financial year to date, the Company purchase a total of 4,661,000 ordinary shares of RM1.00 each from the open market at an average price of RM5.025 per share. The share buy-back was financed by internally generated funds. The shares are being held as treasury shares.

During the current financial year to date, the company issued 36,800,000 new ordinary shares of RM1.00 to Perbadanan Setiausaha Kerajaan Pahang and Pasdec Corporation Sdn. Bhd. at an issue price of RM3.75 per new ordinary share as consideration for the acquisition of 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.

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Notes : - continued

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:-

	Total Amount Guaranteed RM'000	Amount Utilised RM'000
Letters of credit/trust receipts/bankers acceptances/ overdrafts/bankers guarantees	78,000	31,259
	=====	=====

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

B1. Review of Performance

The Group recorded a revenue of RM151.36 million for the quarter ended 30 June, 2004 representing an increase of 28.37% from RM117.91 million in the corresponding period ended 30 June 2003. The Group's profit before tax also increase from RM20.87 million to RM28.46 million in the corresponding period ended 30 June 2003, representing an increase of 36.37%. The increases in revenue and profit before tax were substantially attributed to the consolidation of the results of Pahang Cement Sdn. Bhd. in the period under review.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2004 RM'000	Preceding Quarter 31.03.2004 RM'000
Revenue	151,364	123,665
Consolidated profit before taxation	28,457	23,609
Consolidated profit after taxation after minority interests	24,005	20,613

During the current financial quarter ended 30 June 2004, the Group recorded a revenue of RM151.36 million, representing an increase of 22.4% from RM123.67 million in the preceding quarter.

In tandem with the increase of revenue, the Group's profit before taxation increase from RM23.61 million in the preceding quarter to RM28.46 million representing an increase of 20.54% attributed mainly to the consolidation of the results of Pahang Cement Sdn. Bhd. in the quarter ended 30 June 2004

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 2005.

B4. Profit Forecast

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

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Notes : - continued

B5. Taxation

Tax comprises the following: -

	Current Year Quarter 30.06.2004 RM'000	Current Year To Date 30.06.2004 RM'000
Tax charged for the period	3,348	9,905
Transferred to deferred taxation	962	5,555
Tax on share of profits of associated companies	15	370
	----- 4,325 =====	----- 15,830 =====

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

Proposed Acquisition of a 32.10% equity interest in Perak Hanjoong Sdn Bhd from Doosan Heavy Industries & Construction Co. Ltd

On 16 July 2004, the Company entered into a conditional sale and purchase agreement ("S&P Agreement") with Doosan Heavy Industries & Construction Co. Ltd ("Doosan") of Korea to acquire 107,500,000 ordinary shares of RM1.00 each (Shares") comprising 32.10 % stake in Perak-Hanjoong Simen Sdn. Bhd., a company incorporated under the laws of the Malaysia, for a total cash consideration of RM75,250,000 ("Proposed Acquisition").

INTERIM FINANCIAL REPORT

Notes : - continued

The Proposed Acquisition is conditional upon the receipt of approvals from:-

- Ministry of International Trade and Industry;
- shareholders of the Company for the purchase of the Sale Shares;
- the necessary approvals required by Doosan for the sale of the Sale Shares; and
- any other relevant authorities, if required

B9. Group Borrowings and Debt Securities

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

	Short term RM'000	Long term RM'000	Total RM'000
Secured	48,754	287,246	336,000
Unsecured	37,697	-	37,697
	-----	-----	-----
	86,451	287,246	373,697
	=====	=====	=====

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

B12. Dividend

The Board of Directors is pleased to recommend for the approval of the shareholders a First and Final Dividend of 20% less 28% tax for the year ended 30 June, 2004. The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date.

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Notes : - continued

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.

	Current Quarter 30.06.2004	Preceding Year Corresponding Quarter 30.06.2003
Net profit /(loss) for the period (RM'000)	24,005	17,327
Weighted average number of ordinary shares ('000)	180,501	140,519
Basic earnings per share (sen)	13.30	12.33

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

	Current Quarter 30.06.2004	Preceding Year Corresponding Quarter 30.06.2003
Net profit /(loss) for the period (RM'000)	24,005	17,327
Weighted average number of ordinary shares('000)	180,501	140,519
-ordinary shares deemed issued for no consideration on assumed exercise of Warrants & ESOS	35,575	27,547
Adjusted weighted average of ordinary shares	216,076	168,066
*Diluted earnings per share (sen)	11.11	10.31

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Notes : - continued

**Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM90.008 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM90.008 million resulting in an increase in NTA per share of RM0.50. 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 August 2004