

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 2004

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2004	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2003	6 MONTHS ENDED 31.12.2004 31.12.2003	
	RM'000	RM'000	RM'000	RM'000
REVENUE	132,582	108,008	290,092	238,566
OPERATING EXPENSES	(110,532)	(91,173)	(234,024)	(202,999)
OTHER OPERATING INCOME	3,523	1,209	11,766	2,403
PROFIT FROM OPERATION	25,573	18,044	67,834	37,970
FINANCE COSTS	(4,056)	(323)	(7,763)	(674)
SHARE OF RESULTS OF ASSOCIATED COMPANY	21,517	17,721	60,071	37,296
PROFIT BEFORE TAXATION	(119)	3,620	33	10,872
TAXATION	21,398	21,341	60,104	48,168
PROFIT AFTER TAXATION	(2,979)	(4,089)	(6,739)	(8,370)
MINORITY INTEREST	18,419	17,252	53,365	39,798
NET PROFIT FOR THE PERIOD	(30)	94	(23)	174
EARNINGS PER SHARE				
Basic (Sen)	4.65	6.03	14.42	13.89
Diluted (Sen)	4.58	4.75	14.18	11.06

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2004

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

	AS AT 31.12.2004 RM'000	AS AT 30.6.2004 RM'000
PROPERTY, PLANT & EQUIPMENT	646,768	660,694
	-----	-----
INVESTMENT IN ASSOCIATED COMPANIES	3,065	3,075
	-----	-----
CAPITAL WORK IN PROGRESS	14,955	4,960
	-----	-----
GOODWILL	9,087	10,804
	-----	-----
CURRENT ASSETS		
Inventories	37,117	35,050
Trade receivables	103,674	116,386
Tax Recoverable	2,260	2,082
Other receivables	201,437	11,787
Inter-company Balances	3,196	3,031
Deposits, Bank & Cash Balances	331,292	262,431
	-----	-----
	678,976	430,767
	-----	-----
CURRENT LIABILITIES		
Trade payables	58,307	57,752
Other payables	65,761	66,811
Hire purchase creditors	1,251	961
Inter-Company Balances	7,278	15,811
Short term Borrowings	232,222	93,409
Taxation	2,645	1,425
	-----	-----
	367,464	236,169
	-----	-----
NET CURRENT ASSETS	311,512	194,598
	-----	-----
	985,387	874,131
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	AS AT 31.12.2004 RM'000	AS AT 30.6.2004 RM'000
SHARE CAPITAL		
Ordinary shares	239,251	191,634
RESERVES		
Share premium	147,862	122,147
Retained profits	338,281	284,939
Others	5	5
Treasury shares, at cost	(42,279)	(42,279)
	-----	-----
SHAREHOLDERS' FUNDS	683,120	556,446
MINORITY INTERESTS	594	2,894
LONG TERM LIABILITIES		
Hire purchase creditors	1,335	1,538
Deferred taxation	33,338	33,253
Bank Borrowings	267,000	280,000
	-----	-----
	985,387	874,131
	=====	=====
 Net Tangible assets per share (Sen)*	 147.74	 151.15
	=====	=====

* On 12 July 2004, the subdivision of the Company's ordinary shares of RM1 each into ordinary shares of RM0.50 each was completed with the listing and quotation of the new shares on the Main Board of Bursa Securities Malaysia Berhad. The net tangible assets per share calculated above is based on the subdivided shares of the Company.

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30th June 2004

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

	AS AT 31.12.2004 RM'000	AS AT 31.12.2003 RM'000
Net cash (used in) operating activities	63,011	20,212
	=====	=====
Net cash (used in) investing activities	(192,638)	(12,378)
	=====	=====
Net cash generated from financing activities	198,488	10,784
	=====	=====
Net (decrease) / increase in cash and cash equivalents	68,861	18,618
Cash and cash equivalents at beginning of the year	262,431	110,429
	-----	-----
Cash and cash equivalent at end of the period (note a)	331,292	129,047
	=====	=====
Note (a)		
Cash and cash equivalent		
	31.12.2004 RM'000	31.12.2003 RM'000
Cash and bank balances	14,556	7,448
Fixed Deposit	316,736	121,599
	-----	-----
Cash and cash equivalent at end of the period	331,292	129,047
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2004

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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 2004	191,634	122,147	5	(42,279)	284,939	556,446
Issue of Share Capital	47,617	25,715	-	-	-	73,332
Gain not recognised In Income statement -Foreign Currency Translation Difference			0			-
Profit for the period	-	-	-	-	53,342	53,342
	-----	-----	-----	-----	-----	-----
As at 30 December 2004	<u>239,251</u>	<u>147,862</u>	<u>5</u>	<u>(42,279)</u>	<u>338,281</u>	<u>683,120</u>

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30th June 2004

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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 2005

The Auditors' Report on the financial statements of the preceding financial year was 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

The subdivision of the Company's 191,634,148 ordinary shares of RM1.00 each into 383,268,296 ordinary shares of RM0.50 each which was effective 1 July 2004 was completed with the listing of the new ordinary shares of RM0.50 each on the Main Board of Bursa Securities Malaysia Berhad on 12 July 2004.

During the current financial quarter and financial year to date, a total of 92,539,490 ordinary shares and 95,233,626 ordinary shares of RM0.50 each respectively were issued pursuant to the exercise of 92,539,490 and 95,233,626 1994/2004 warrants respectively.

A7. Dividend

There was no dividend paid during the quarter ended 31 December 2004.

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.

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 2004.

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	19,816

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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 RM132.58 million for the quarter ended 31 December, 2004 representing an increase of 22.75% from RM108.01 million in the corresponding period ended 31 December 2003. The increase in revenue was substantially attributed to the consolidation of the results of Pahang Cement Sdn. Bhd. in the period under review.

Despite the higher sales revenue, the group's profit before tax increased marginally from RM21.34 million to RM21.40 million in the corresponding period ended 31 December 2003. This is in line with the industry performance.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2004 RM'000	Preceding Quarter 30.09.2004 RM'000
Revenue	132,582	157,509
Consolidated profit before taxation	21,398	38,706
Consolidated profit after taxation after minority interests	18,389	34,953

During the current financial quarter ended 31 December 2004, the Group recorded a revenue of RM132.58 million, representing a reduction of 15.83% from RM157.51 million in the preceding quarter.

In tandem with the reduction of revenue, the Group's profit before taxation reduce from RM38.71 million in the preceding quarter to RM21.40 million representing a reduce of 44.71%.

The decreases in revenue and profit before tax were substantially attributed to lower demand for cement in the construction industry and competitive pricing in the cement industry for the period under review.

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.

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Notes : - continued

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 31.12.2004 RM'000	Current Year To Date 31.12.2004 RM'000
Tax charged for the period	2,894	6,453
Transferred to deferred taxation	85	244
Tax on share of profits of associated companies	-	42
	-----	-----
	<u>2,979</u>	<u>6,739</u>

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.

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Notes : - continued

B8. Corporate Development

a) Proposed acquisition of a 32.10% equity interest in Perak Hanjoong Simen 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 representing a 32.10 % stake in Perak-Hanjoong Simen Sdn. Bhd. (“Perak Hanjoong”), a company incorporated under the laws of the Malaysia, for a total cash consideration of RM75,250,000 (“Proposed Doosan Acquisition”).

The Proposed Doosan Acquisition has been approved by the Ministry of International Trade and Industry vide its letter dated 16 September 2004 and 4 October 2004.

The Proposed Acquisition has been approved by the shareholders of the Company at an extraordinary general meeting held on 9 December 2004.

b) Proposed Acquisition of a 32.74% equity interest in Perak Hanjoong from Danaharta Managers Sdn Bhd

On 5 November 2004, the Company entered into a conditional sale and purchase agreement with Danaharta Managers Sdn Bhd (“Danaharta”), as security agent and trustee for and on behalf of Danaharta Managers (L) Limited, to acquire 109,658,000 shares representing 32.74% of the issued and paid-up share capital of Perak-Hanjoong for a cash consideration of RM109,658,000 (“Proposed Danaharta Acquisition”).

The Proposed Acquisition has been approved by the Ministry of International Trade and Industry vide its letter dated 6 December 2004 and approved by the shareholders of the Company at an extraordinary general meeting held on 9 December 2004

The Proposed Doosan Acquisition and Proposed Danaharta Acquisition (collectively referred to as “Proposed Acquisitions”) are not inter-conditional upon each other and are subject to the terms and conditions of the respective sale and purchase agreements.

The Proposed Acquisitions were completed in December 2004 resulting in the Company holding a 64.84% equity interest in Perak-Hanjoong.

Gopeng Berhad, the shareholder for the remaining 117,742,000 ordinary shares in Perak-Hanjoong had on 13 January 2005 declined the Mandatory Offer pursuant to Part II of the Code.

INTERIM FINANCIAL REPORT

Notes : - continued

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	56,000	267,000	323,000
Unsecured	176,222	-	176,222
	-----	-----	-----
	232,222	267,000	499,222
	=====	=====	=====

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 has not recommended any interim dividends 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. In accordance with MASB 13 "Earnings Per Share", the weighted average number of ordinary shares has been adjusted for the subdivision of the Company's ordinary shares of RM1 each into shares of RM0.50 each as stated under Note A6.

	Current Quarter 31.12.2004	Preceding Year Corresponding Quarter 31.12.2003
Net profit /(loss) for the period (RM'000)	18,389	17,346
	=====	=====
Weighted average number of ordinary shares ('000)	395,445	287,676
	=====	=====
Basic earnings per share (sen)	4.65	6.03
	=====	=====

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Notes : - continued

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. In accordance with MASB 13 “Earnings Per Share”, the weighted average number of ordinary shares has been adjusted for the subdivision of the Company’s ordinary shares of RM1 each into shares of RM0.50 each as stated under Note A6.

	Preceding Year	
	Current Quarter 31.12.2004	Corresponding Quarter 31.12.2003
Net profit /(loss) for the period (RM’000)	18,389	17,346
Weighted average number of ordinary shares(‘000)	395,445	287,676
-ordinary shares deemed issued for no consideration on assumed exercise of Warrants & ESOS	6,325	77,518
Adjusted weighted average of ordinary shares	401,770	365,194
*Diluted earnings per share (sen)	4.58	4.75

**Total cash expected to be received in the event of an exercise of ESOS options is RM14.832 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM14.832 million resulting in an increase in NTA per share of RM0.032. 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 : 25 February 2005