

**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 2005

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2005	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2004	12 MONTHS ENDED 30.06.2005 30.06.2004	
	RM'000	RM'000	RM'000	RM'000
REVENUE	212,308	151,032	690,584	513,264
OPERATING EXPENSES	(188,327)	(122,687)	(596,086)	(428,174)
OTHER OPERATING INCOME	4,869	3,713	18,941	7,701
PROFIT FROM OPERATION	28,850	32,058	113,439	92,791
FINANCE COSTS	(15,421)	(4,038)	(38,087)	(6,275)
	13,429	28,020	75,352	86,516
SHARE OF RESULTS OF ASSOCIATED COMPANY	154	1,090	274	14,371
PROFIT BEFORE TAXATION	13,583	29,110	75,626	100,887
TAXATION	(3,342)	(4,491)	(10,132)	(15,996)
PROFIT AFTER TAXATION	10,241	24,619	65,494	84,891
MINORITY INTEREST	(116)	(143)	3,069	170
NET PROFIT FOR THE PERIOD	10,125	24,476	68,563	85,061
<b>EARNINGS PER SHARE</b>				
Basic (Sen)	2.08	6.78	15.47	27.52
Diluted (Sen)	2.07	5.66	15.40	22.44

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

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>UNAUDITED AS AT 30.06.2005 RM'000</b>	<b>AUDITED AS AT 30.6.2004 RM'000</b>
PROPERTY, PLANT & EQUIPMENT	1,829,043	660,694
INVESTMENT IN ASSOCIATED COMPANIES	3,298	3,075
CAPITAL WORK IN PROGRESS	24,949	4,960
GOODWILL	9,087	10,804
<b>CURRENT ASSETS</b>		
Inventories	115,441	35,050
Trade receivables	146,863	116,386
Tax Recoverable	3,657	2,082
Other receivables	24,331	11,787
Inter-company Balances	2,718	3,031
Deposits, Bank & Cash Balances	290,661	262,431
	583,671	430,767
<b>CURRENT LIABILITIES</b>		
Trade payables	105,976	57,752
Other payables	123,621	66,811
Hire purchase creditors	1,694	961
Inter-Company Balances	13,551	15,811
Short term Borrowings	423,664	93,409
Taxation	1,904	1,425
	670,410	236,169
<b>NET CURRENT ASSETS</b>	(86,739)	194,598
	1,779,638	874,131

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**CONDENSED CONSOLIDATED BALANCE SHEETS - continued**

	<b>UNAUDITED AS AT 30.06.2005 RM'000</b>	<b>AUDITED AS AT 30.6.2004 RM'000</b>
<b>SHARE CAPITAL</b>		
Ordinary shares	243,437	191,634
<b>RESERVES</b>		
Share premium	118,550	122,147
Reserve on Consolidation	33,967	
Retained profits	320,653	284,939
Others	5	5
Treasury shares, at cost	(7,023)	(42,279)
	-----	-----
<b>SHAREHOLDERS' FUNDS</b>	<b>709,589</b>	<b>556,446</b>
<b>MINORITY INTERESTS</b>	<b>116,769</b>	<b>2,894</b>
<b>LONG TERM LIABILITIES</b>		
Hire purchase creditors	1,159	1,538
Deferred taxation	34,664	33,253
Bank Borrowings	907,133	280,000
Long term Creditors	10,324	
	-----	-----
	<b>1,779,638</b>	<b>874,131</b>
	=====	=====
 Net Tangible assets per share (Sen)*	 <u>144.98</u>	 <u>151.15</u>

\* 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 30<sup>th</sup> June 2004

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

	<b>UNAUDITED AS AT 30.06.2005 RM'000</b>	<b>AUDITED AS AT 30.06.2004 RM'000</b>
Net cash (used in) operating activities	95,058 =====	100,093 =====
Net cash (used in) investing activities	(210,361) =====	130,188 =====
Net cash generated from financing activities	143,533 =====	(78,279) =====
Net (decrease) / increase in cash and cash equivalents	28,230	152,002
Cash and cash equivalents at beginning of the year	262,431 -----	110,429 -----
Cash and cash equivalent at end of the period (note a)	290,661 =====	262,431 =====
<b>Note (a)</b>		
Cash and cash equivalent		
	<b>30.06.2005 RM'000</b>	<b>30.06.2004 RM'000</b>
Cash and bank balances	20,472	14,273
Fixed Deposit	270,189 -----	248,158 -----
Cash and cash equivalent at end of the period	290,661 =====	262,431 =====

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 2004

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2005**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Reserve on Consolidation 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 2004	191,634	122,147		5	(42,279)	284,939	556,446
Issue of Share Capital	51,803	31,659			-		83,462
Gain not recognised In Income statement -Foreign Currency Translation Difference				0			-
Reserve on Consolidation			33,967				33,967
Distribution of Share dividend		(35,256)		-	35,256		-
Profit for the period	-	-	-	-	-	68,563	68,563
Dividend paid						(32,849)	(32,849)
	-----	-----	-----	-----	-----	-----	-----
As at 31 March 2005	243,437	118,550	33,967	5	(7,023)	320,653	709,589
	=====	=====	=====	=====	=====	=====	=====

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

	<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	44,643	105,513	-	-	-	150,156
Gain not recognised In Income statement -Foreign Currency Translation Difference			2			2
Profit for the period	-	-	-	-	85,061	85,061
Shares repurchased				(23,421)		(23,421)
Dividend paid					(20,162)	(20,162)
	-----	-----	-----	-----	-----	-----
As at 30 June 2004	191,634	122,147	5	(42,279)	284,939	556,446
	=====	=====	=====	=====	=====	=====

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 2004

**INTERIM FINANCIAL REPORT**

**Notes :**

**Disclosure requirement per FRS 134 (formerly known as MASB 26) – paragraph 16**

**A1. Accounting Policies**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” (formerly known as MASB 26) and Chapter 9, part K of the listing Requirements of the Bursa Malaysia Securities Berhad.

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited annual financial statements.

The following notes explain the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2004.

**A2. Audit Report of preceding financial year ended 30 June 2004**

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.

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

During the financial year to date, a total 95,233,626 ordinary shares of RM0.50 each were issued pursuant to the exercise of 95,233,626 1994/2004 warrants and during the current financial quarter a total of 8,373,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of employees' share option scheme (ESOS)

For the current financial quarter and financial year to date, a total of 18,567,736 treasury shares were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every twenty-five (25) ordinary shares held on 4<sup>th</sup> February 2005. As at 30 June 2005, the number of treasury shares held is 3,698,264 ordinary shares

**A7. Dividend**

A final gross dividend of 10 sen per share less income tax of 28%, amounting to RM32,848,986 was paid in respect of the financial year ended 30 June 2004 was paid in the current financial year.

The Company on 21<sup>st</sup> February 2005, distributed 18,567,736 treasury shares as share dividend to its shareholders on the basis of one (1) treasury share for every twenty-five (25) ordinary shares held on 4<sup>th</sup> February 2005.

**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**

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").

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**Notes : - continued**

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 Doosan Acquisition and Proposed Danaharta Acquisition are collectively referred to as “Proposed Acquisitions”.

The completion of the Proposed Acquisitions resulted in the Company holding a 64.84% equity interest in Perak-Hanjoong.

**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:-

	<b>Total Amount Guaranteed RM'000</b>	<b>Amount Utilised RM'000</b>
Letters of credit/trust receipts/bankers acceptances/ overdrafts/bankers guarantees	303,000	180,240
	=====	=====

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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 RM212.31 million for the quarter ended 30 June, 2005 representing an increase of 40.6% from RM151.03 million in the corresponding period ended 30 June 2004. The increase in revenue was substantially attributed to the consolidation of the results of Perak-Hanjoong Simen Sdn. Bhd. in the period under review.

Despite the higher sales revenue, the group's profit before taxation reduced from RM29.11 million in the preceding quarter to RM13.58 million for the quarter ended 30 June 2005. The reduction in profit before taxation was mainly attributed to the intense price war and increased production cost.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 30.06.2005 RM'000</b>	<b>Preceding Quarter 31.03.2005 RM'000</b>
Revenue	212,308	188,184
Consolidated profit before taxation	13,583	1,939
Consolidated profit after taxation after minority interests	10,125	5,096

During the current financial quarter ended 30 June 2005, the Group recorded a revenue of RM212.31 million, representing an increase of 12.8% from RM188.18 million in the preceding quarter.

In tandem with the increase of revenue, the Group's profit before taxation increase from RM1.94 million in the preceding quarter to RM13.58 million representing an increase of 600.8% mainly attributed to higher demand for cement in the construction industry and price stability 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 2006.

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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: -

	<b>Current Year Quarter 30.06.2005 RM'000</b>	<b>Current Year To Date 30.06.2005 RM'000</b>
Tax charged for the period	1,937	8,670
Transferred to deferred taxation	1,402	1,411
Tax on share of profits of associated companies	3	51
	<u>3,342</u>	<u>10,132</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 of certain subsidiary companies.

**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**

On 21 June 2005, the Company announced the proposal for a renounceable rights issue of up to RM490,325,922 nominal value of 10 years 4% stepping up to 6% irredeemable convertible unsecured loan stock (ICULS) at 100% of its nominal value on the basis of RM1.00 nominal value of ICULS for every one (1) existing ordinary share of RM0.50 each shares held in YTL Cement as at an entitlement date to be determined later (Proposed Rights Issue of ICULS).

The Proposed Rights Issue of ICULS is currently pending the approval of the Securities Commission and the shareholders of the Company.

**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 :

	<b>Short term RM'000</b>	<b>Long term RM'000</b>	<b>Total RM'000</b>
Secured	79,380	907,133	986,513
Unsecured	344,284	-	344,284
	-----	-----	-----
	423,664	907,133	1,330,797
	=====	=====	=====

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, 2005 (30 June 2004: RM32,848,986 being 20% less 28% tax). 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. In accordance with FRS 133 “Earnings Per Share”(formerly known as MASB 13), 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.

	<b>Current Quarter 30.06.2005</b>	<b>Preceding Year Corresponding Quarter 30.06.2004</b>
Net profit /(loss) for the period (RM’000)	10,125 =====	24,476 =====
Weighted average number of ordinary shares (‘000)	486,748 =====	361,002 =====
Basic earnings per share (sen)	2.08 =====	6.78 =====

**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 FRS 133 “Earnings Per Share” (formerly known as MASB 13), 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.

	<b>Current Quarter 30.06.2005</b>	<b>Preceding Year Corresponding Quarter 30.06.2004</b>
Net profit /(loss) for the period (RM’000)	10,125 =====	24,476 =====
Weighted average number of ordinary shares(‘000)	486,748	361,002
-ordinary shares deemed issued for no consideration on assumed exercise of Warrants & ESOS	1,918 -----	71,150 -----
Adjusted weighted average of ordinary shares	488,666 =====	432,152 =====
*Diluted earnings per share (sen)	2.07 =====	5.66 =====

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**Notes : - continued**

*\*Total cash expected to be received in the event of an exercise of ESOS options is RM4.7 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM5.0 million resulting in an increase in NTA per share of RM0.01. 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  
HO SAY KENG  
Secretary

Kuala Lumpur  
Dated : 26 August 2005