

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 2005

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2005	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2004	6 MONTHS ENDED 31.12.2005 31.12.2004	
	RM'000	RM'000	RM'000	RM'000
REVENUE	240,195	132,582	501,431	290,092
OPERATING EXPENSES	(190,637)	(110,532)	(394,298)	(234,024)
OTHER OPERATING INCOME	3,556	3,523	5,993	11,766
PROFIT FROM OPERATION	53,114	25,573	113,126	67,834
FINANCE COSTS	(17,573)	(4,056)	(32,807)	(7,763)
SHARE OF RESULTS OF ASSOCIATED COMPANY	35,541	21,517	80,319	60,071
PROFIT BEFORE TAXATION	360	(119)	708	33
TAXATION	35,901	21,398	81,027	60,104
PROFIT AFTER TAXATION	(3,075)	(2,979)	(5,789)	(6,739)
MINORITY INTEREST	32,826	18,419	75,238	53,365
NET PROFIT FOR THE PERIOD	(335)	(30)	(2,681)	(23)
EARNINGS PER SHARE				
Basic (Sen)	6.71	4.65	15.00	14.42
Diluted (Sen)	N/A	4.58	N/A	14.18

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005

YTL CEMENT BERHAD (Company No. 31384-K)

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED BALANCE SHEETS**

	AS AT 31.12.2005 RM'000	AS AT 30.6.2005 RM'000
PROPERTY, PLANT & EQUIPMENT	1,793,879	1,828,977
INVESTMENT IN ASSOCIATED COMPANIES	23,819	3,318
DEVELOPMENT EXPENDITURE	30,650	25,014
DEFERRED ASSETS	42,668	-
CURRENT ASSETS		
Inventories	142,337	94,626
Trade receivables	151,780	148,726
Tax Recoverable	3,737	4,611
Other receivables	31,598	19,597
Inter-company Balances	3,951	3,015
Deposits, Bank & Cash Balances	292,811	291,180
	626,214	561,755
CURRENT LIABILITIES		
Trade payables	70,006	72,646
Other payables	119,665	136,380
Hire purchase creditors	1,366	1,703
Inter-Company Balances	8,493	13,136
Short term Borrowings	277,905	462,471
Taxation	979	577
	478,414	686,913
NET CURRENT ASSETS /(LIABILITIES)	147,800	(125,158)
	2,038,816	1,732,151

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED BALANCE SHEETS - continued**

	AS AT 31.12.2005 RM'000	AS AT 30.6.2005 RM'000
SHARE CAPITAL		
Ordinary shares	244,729	243,437
RESERVES		
Share premium	120,636	118,550
Reserve on Consolidation	24,868	24,868
Retained profits	393,549	320,992
Others	7	5
Irredeemable Convertible Unsecured Loan Stock	372,495	-
Treasury shares, at cost	(8,958)	(7,022)
SHAREHOLDERS' FUNDS	1,147,326	700,830
MINORITY INTERESTS	119,442	116,761
LONG TERM LIABILITIES		
Hire purchase creditors	840	1,149
Deferred taxation	34,245	34,604
Bank Borrowings	582,295	868,557
Irredeemable Convertible Unsecured Loan Stock	152,242	-
Post employee defined benefit obligation	2,426	10,250
	<u>2,038,816</u>	<u>1,732,151</u>
 Net assets per 50 sen share (Sen)*	 <u>261.2</u>	 <u>169.2</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	AS AT 31.12.2005 RM'000	AS AT 31.12.2004 RM'000
Net cash (used in) operating activities	17,412 =====	63,011 =====
Net cash (used in) investing activities	(27,818) =====	(192,638) =====
Net cash generated from financing activities	12,037 =====	198,488 =====
Net (decrease) / increase in cash and cash equivalents	1,631	68,861
Cash and cash equivalents at beginning of the year	291,180 -----	262,431 -----
Cash and cash equivalent at end of the period (note a)	292,811 =====	331,292 =====
Note (a)		
Cash and cash equivalent	31.12.2005 RM'000	31.12.2004 RM'000
Cash and bank balances	25,425	14,556
Fixed Deposit	267,386 -----	316,736 -----
Cash and cash equivalent at end of the period	292,811 =====	331,292 =====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE QUARTER ENDED 31 DECEMBER 2005**

	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Other Reserve RM'000	Treasury Shares RM'000	Retained Profit RM'000	Total RM'000
As at 1 July 2005	243,437	118,550	24,868	5	(7,022)	320,992	700,830
Issue of Share Capital	1,292	2,086			-		3,378
Gain not recognised In Income statement -Foreign Currency Translation Difference	-	-	-	2	-	-	2
Share repurchased	-	-	-	-	(1,936)	-	(1,936)
Irredeemable Convertible Unsecured Loan Stock	-	-	-	372,495	-	-	372,495
Profit for the period	-	-	-	-	-	72,557	72,557
	-----	-----	-----	-----	-----	-----	-----
As at 31 Dec 2005	<u>244,729</u>	<u>120,636</u>	<u>24,868</u>	<u>372,502</u>	<u>(8,958)</u>	<u>393,549</u>	<u>1,147,326</u>

**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	-	-	-	-	-	-
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>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

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 2005.

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 2005.

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.

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Notes : - continued

A6. Changes in Debt and Equity Securities

For the current financial year to date, a total of 166,463 ordinary shares of RM0.50 each were issued pursuant to the conversion of RM452,780 Nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015

During the current financial year to date, a total of 2,417,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of employees' share option scheme (ESOS)

A7. Dividend

There was no dividend paid during the quarter ended 31 December 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 2 September, 2005, the Company's wholly-owned subsidiary, YTL Cement Singapore Pte Ltd has entered into separate share purchase agreements with Kindo Pte Ltd and Andree Halim @ Liem Sien Tjong @ Liem Sien Tjiong to acquire 6,186,000 and 3,093,300 ordinary shares of S\$1 each representing 13.96% and 6.98% equity interest respectively in Jurong Cement Limited for a total cash consideration of S\$5,876,700 and S\$2,938,350 respectively. These acquisitions were completed in the same month.

The completion of the Proposed Acquisitions resulted in the Company holding a 20.94% equity interest in Jurong Cement Limited.

During the current financial year to date, the Company purchase a total of 835,700 ordinary shares from the open market at an average price of RM2.32 per shares. During the quarter ended 31 December 2005, a total of 789,900 shares were purchased from the open market for a total consideration of RM1,831,017. The shares buy-back were financed by internally generated funds. The shares are being held as treasury shares.

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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 2005.

The Company has given corporate guarantees amounting to RM303 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	303,000	191,060
	=====	=====

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YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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

B1. Review of Performance

The Group recorded revenue of RM240.19 million for the quarter ended 31 December, 2005 representing an increase of 81.2% from RM132.58 million in the corresponding period ended 31 December 2004. The Group's profit before tax also increased from RM21.40 million to RM35.9 million in the corresponding period ended 31 December 2004, representing an increase of 67.8%. The increases in revenue and profit before tax were substantially attributed to cement price stability and consolidation of the results of Perak-Hanjoong Simen Sdn. Bhd. in the period under review.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2005 RM'000	Preceding Quarter 30.09.2005 RM'000
Revenue	240,195	261,236
Consolidated profit before taxation	35,901	45,126
Consolidated profit after taxation after minority interests	32,491	40,066

During the current financial quarter ended 31 December 2005, the Group recorded revenue of RM240.20 million, representing a reduction of 8.05% from RM261.24 million in the preceding quarter.

In tandem with the reduction of revenue, the Group's profit before taxation reduced from RM45.13 million in the preceding quarter to RM35.90 million representing a reduction of 20.44%.

The decreases in revenue and profit before tax were substantially attributed to lower demand for cement due to a slow-down in the construction activities during festive seasons in 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.

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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 31.12.2005 RM'000	Current Year To Date 31.12.2005 RM'000
Tax charged for the period	3,235	6,082
Transferred to deferred taxation	(181)	(359)
Tax on share of profits of associated companies	21	66
	-----	-----
	<u>3,075</u>	<u>5,789</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.

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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 held in YTL Cement as at an entitlement date to be determined later (Proposed Rights Issue of ICULS).

On 29 August, 2005, the shareholders of the Company had approved the Proposed Rights Issue of ICULS at the Extraordinary General Meeting held on even date. On 5 September, 2005, the Securities Commission had granted its approval for the Rights Issue. The Proposed Rights Issue of ICULS was completed on 16 November 2005 with the admission to the Official List of the Bursa Securities Malaysia Berhad and the listing of and quotation for 483,246,858 ICULS.

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	82,350	582,295	664,645
Unsecured	195,555	-	195,555
	-----	-----	-----
	277,905	582,295	860,200
	=====	=====	=====

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

YTL CEMENT BERHAD (Company No. 31384-K)

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INTERIM FINANCIAL REPORT

Notes : - continued

B12. Dividend

No dividend has been declared 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.

	Current Quarter 31.12.2005	Preceding Year Corresponding Quarter 31.12.2004
Net profit /(loss) for the period (RM'000)	32,491	18,389
Weighted average number of ordinary shares ('000)	484,143	395,445
Basic earnings per 50 sen share (sen)	6.71	4.65

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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.

	Preceding Year	
	Current Quarter 31.12.2005	Corresponding Quarter 31.12.2004
Net profit /(loss) for the period (RM'000)	32,491 =====	18,389 =====
Weighted average number of ordinary shares('000)	484,143	395,445
-ordinary shares deemed issued for no consideration on assumed exercise of Warrants, ICULS & ESOS('000)	N/A -----	6,325 -----
Adjusted weighted average of ordinary shares ('000)	N/A =====	401,770 =====
Diluted earnings per 50 sen share (sen)	N/A =====	4.58 =====

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated : 23 February 2006