

YTL CEMENT BERHAD (Company No. 31384-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Interim financial report on consolidated result for the period ended 31 March 2006

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.03.2006	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2005	9 MONTHS ENDED 31.03.2006 31.03.2005	
	RM'000	RM'000	RM'000	RM'000
REVENUE	269,694	188,184	771,125	478,276
OPERATING EXPENSES	(225,083)	(173,736)	(619,382)	(407,760)
OTHER OPERATING INCOME	3,856	2,305	9,850	14,072
PROFIT FROM OPERATION	48,467	16,753	161,593	84,588
FINANCE COSTS	(12,189)	(14,902)	(44,996)	(22,666)
SHARE OF RESULTS OF ASSOCIATED COMPANY	36,278	1,851	116,597	61,922
PROFIT BEFORE TAXATION	103	88	811	120
TAXATION	36,381	1,939	117,408	62,042
PROFIT AFTER TAXATION	(4,507)	(51)	(10,296)	(6,790)
MINORITY INTEREST	31,874	1,888	107,112	55,252
NET PROFIT FOR THE PERIOD	(632)	3,208	(3,312)	3,185
EARNINGS PER SHARE				
Basic (Sen)	6.45	1.06	21.46	14.13
Diluted (Sen)	N/A	1.06	N/A	14.05

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

	AS AT 31.03.2006 RM'000	AS AT 30.6.2005 RM'000
PROPERTY, PLANT & EQUIPMENT	1,782,510	1,828,977
INVESTMENT IN ASSOCIATED COMPANIES	24,141	3,318
DEVELOPMENT EXPENDITURE	34,782	25,014
DEFERRED ASSETS	42,141	-
CURRENT ASSETS		
Inventories	128,737	94,626
Trade receivables	169,047	148,726
Tax Recoverable	4,233	4,611
Other receivables	23,523	19,597
Inter-company Balances	4,428	3,015
Deposits, Bank & Cash Balances	301,093	291,180
	631,061	561,755
CURRENT LIABILITIES		
Trade payables	60,008	72,646
Other payables	122,801	136,380
Hire purchase creditors	1,135	1,703
Inter-Company Balances	8,330	13,136
Short term Borrowings	286,172	462,471
Taxation	2,839	577
	481,285	686,913
NET CURRENT ASSETS /(LIABILITIES)	149,776	(125,158)
	2,033,350	1,732,151

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	AS AT 31.03.2006 RM'000	AS AT 30.6.2005 RM'000
SHARE CAPITAL		
Ordinary shares	244,854	243,437
RESERVES		
Share premium	120,813	118,550
Reserve on Consolidation	24,868	24,868
Retained profits	389,824	320,992
Others	6	5
Irredeemable Convertible Unsecured Loan Stock	372,455	-
Treasury shares, at cost	(9,979)	(7,022)
SHAREHOLDERS' FUNDS	1,142,841	700,830
MINORITY INTERESTS	120,378	116,761
LONG TERM LIABILITIES		
Hire purchase creditors	643	1,149
Deferred taxation	34,056	34,604
Bank Borrowings	582,295	868,557
Irredeemable Convertible Unsecured Loan Stock	150,505	-
Post employee defined benefit obligation	2,632	10,250
	<u>2,033,350</u>	<u>1,732,151</u>
Net assets per 50 sen share (Sen)*	<u>235.8</u>	<u>145.0</u>

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

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	AS AT 31.03.2006 RM'000	AS AT 31.03.2005 RM'000
Net cash (used in) operating activities	65,668 =====	82,691 =====
Net cash (used in) investing activities	(38,693) =====	(198,744) =====
Net cash generated from financing activities	(17,062) =====	162,302 =====
Net (decrease) / increase in cash and cash equivalents	9,913	46,249
Cash and cash equivalents at beginning of the year	291,180 -----	262,431 -----
Cash and cash equivalent at end of the period (note a)	301,093 =====	308,680 =====
Note (a)		
Cash and cash equivalent		
	31.03.2006 RM'000	31.03.2005 RM'000
Cash and bank balances	14,960	12,475
Fixed Deposit	286,133 -----	296,205 -----
Cash and cash equivalent at end of the period	301,093 =====	308,680 =====

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

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**INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2006**

	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	1,417	2,263			-		3,680
Gain not recognised In Income statement -Foreign Currency Translation Difference	-	-	-	1	-	-	1
Share repurchased	-	-	-	-	(2,957)	-	(2,957)
Irredeemable Convertible Unsecured Loan Stock	-	-	-	372,455	-	-	372,455
Profit for the period	-	-	-	-	-	103,800	103,800
Dividend paid						(34,968)	(34,968)
As at 31 March 2006	<u>244,854</u>	<u>120,813</u>	<u>24,868</u>	<u>372,461</u>	<u>(9,979)</u>	<u>389,824</u>	<u>1,142,841</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2005**

	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation 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	51,679	31,483		-	-		83,162
Gain not recognised In Income statement -Foreign Currency Translation Difference				0			-
Reserve on Consolidation			29,728				29,728
Distribution of Share dividend		(35,256)		-	35,256		-
Profit for the period	-	-	-	-	-	58,437	58,437
Dividend paid						(32,849)	(32,849)
As at 31 March 2005	<u>243,313</u>	<u>118,374</u>	<u>29,728</u>	<u>5</u>	<u>(7,023)</u>	<u>310,527</u>	<u>694,924</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

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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.

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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 2,667,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of employees' share option scheme (ESOS)

A7. Dividend

Dividend amounting to RM34,967,615 was paid on 6th January, 2006 in respect of the first & final dividend of 20% less 28% tax declared for year ended 30th June 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 Tjong 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 1,271,900 ordinary shares from the open market at an average price of RM2.32 per shares. During the quarter ended 31 March 2006, a total of 436,200 shares were purchased from the open market for a total consideration of RM1,020,155. The shares buy-back were financed by internally generated funds. The shares are being held as treasury shares.

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The Company on 20 February 2006, announced that its wholly-owned subsidiary, Buildcon Concrete Enterprise Sdn. Bhd (“Buildcon Concrete Enterprise”) was issued a total of 316,199 new ordinary shares of RM1.00 each in the capital of Buildcon-Ensidesa Sdn. Bhd (“Buildcon-Ensidesa”) for a consideration comprising the supply and grant of license to use by Buildcon Concrete Enterprise to Buildcon-Ensidesa of three units of auto batch system (hardware and software) for the price of RM66,200.00, and cash consideration of RM250,000.00 (“the Share Acquisition”). As a result of the Shares Acquisition, Buildcon-Ensidesa has become a 51% subsidiary of Buildcon Concrete Enterprise

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	201,794

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

B1. Review of Performance

The Group recorded revenue of RM269.69 million for the quarter ended 31 March, 2006 representing an increase of 43.3% from RM188.18 million in the corresponding period ended 31 March 2005. The Group's profit before tax also increased from RM1.90 million to RM36.4 million in the corresponding period ended 31 March 2005, representing an increase of 1776.3%. 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 31.03.2006 RM'000	Preceding Quarter 31.12.2005 RM'000
Revenue	269,694	240,195
Consolidated profit before taxation	36,381	35,901
Consolidated profit after taxation after minority interests	31,242	32,491

During the current financial quarter ended 31 December 2005, the Group recorded revenue of RM269.69 million, representing an increased of 12.28% from RM240.19 million in the preceding quarter.

In tandem with the increased of revenue, the Group's profit before taxation increased from RM35.90 million in the preceding quarter to RM36.38 million representing an increased of 1.34%.

The increased in revenue and profit before tax were substantially attributed to higher demand for cement in the construction 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 2006.

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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 31.03.2006 RM'000	Current Year To Date 31.03.2006 RM'000
Tax charged for the period	4,657	10,739
Transferred to deferred taxation	(189)	(548)
Tax on share of profits of associated companies	39	105
	----- 4,507 =====	----- 10,296 =====

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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B8. Corporate Development

There is no corporate proposal announced and pending as at the date of this report.

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	82,237	582,295	664,532
Unsecured	203,935	-	203,935
	-----	-----	-----
	286,172	582,295	868,467
	=====	=====	=====

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

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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 31.03.2006	Preceding Year Corresponding Quarter 31.03.2005
Net profit /(loss) for the period (RM'000)	31,242 =====	5,096 =====
Weighted average number of ordinary shares ('000)	484,088 =====	480,193 =====
Basic earnings per 50 sen share (sen)	6.45 =====	1.06 =====

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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 31.03.2006	Corresponding Quarter 31.03.2005
Net profit /(loss) for the period (RM'000)	31,242 <u> </u>	5,096 <u> </u>
Weighted average number of ordinary shares('000)	484,088	480,193
-ordinary shares deemed issued for no consideration on assumed exercise of Warrants, ICULS & ESOS('000)	N/A -----	2,335 -----
Adjusted weighted average of ordinary shares ('000)	N/A <u> </u>	482,528 <u> </u>
Diluted earnings per 50 sen share (sen)	N/A <u> </u>	1.06 <u> </u>

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated : 18 May 2006