

**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 2006

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2006	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2005 (Restated)	12 MONTHS ENDED 30.06.2006 30.06.2005 (Restated)	
	RM'000	RM'000	RM'000	RM'000
REVENUE	290,246	198,789	1,061,371	677,065
OPERATING EXPENSES	(239,329)	(180,612)	(858,710)	(588,372)
OTHER OPERATING INCOME	4,687	10,294	14,537	24,366
PROFIT FROM OPERATION	55,604	28,471	217,198	113,059
FINANCE COSTS	(14,473)	(15,319)	(59,469)	(37,985)
SHARE OF RESULTS OF ASSOCIATED COMPANY	41,131	13,152	157,729	75,074
PROFIT BEFORE TAXATION	(304)	180	507	300
TAXATION	40,827	13,332	158,236	75,374
PROFIT AFTER TAXATION	(313)	(6,021)	(1,601)	(22,561)
MINORITY INTEREST	40,514	7,311	156,635	52,813
NET PROFIT FOR THE PERIOD	(5,835)	(96)	(17,773)	3,089
<b>EARNINGS PER SHARE</b>				
Basic (Sen)	34,679	7.215	138,862	55,902
Diluted (Sen)	7.16	1.48	28.68	12.72
	N/A	1.48	N/A	12.67

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

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>AS AT 30.06.2006 RM'000</b>	<b>AS AT 30.6.2005 (Restated) RM'000</b>
PROPERTY, PLANT & EQUIPMENT	1,764,982	1,828,977
INVESTMENT IN ASSOCIATED COMPANIES	24,074	3,318
DEVELOPMENT EXPENDITURE	34,782	25,014
DEFERRED ASSETS	42,910	-
<b>CURRENT ASSETS</b>		
Inventories	112,732	94,626
Trade receivables	155,479	148,726
Tax Recoverable	5,405	4,611
Other receivables	22,903	19,597
Inter-company Balances	9,302	3,015
Deposits, Bank & Cash Balances	341,083	291,180
	646,904	561,755
<b>CURRENT LIABILITIES</b>		
Trade payables	69,989	72,646
Other payables	112,680	136,380
Hire purchase creditors	1,061	1,703
Inter-Company Balances	21,382	13,136
Short term Borrowings	335,156	462,471
Taxation	3,244	577
	543,512	686,913
<b>NET CURRENT ASSETS /(LIABILITIES)</b>	103,392	(125,158)
	<u>1,970,140</u>	<u>1,732,151</u>

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEETS - continued**

	<b>AS AT 30.06.2006 RM'000</b>	<b>AS AT 30.6.2005 (Restated) RM'000</b>
<b>SHARE CAPITAL</b>		
Ordinary shares	244,869	243,437
<b>RESERVES</b>		
Share premium	120,834	118,550
Reserve on Consolidation	24,868	24,868
Retained profits	384,347	280,453
Others	6	5
Irredeemable Convertible Unsecured Loan Stock	372,455	-
Treasury shares, at cost	(10,702)	(7,022)
	-----	-----
<b>SHAREHOLDERS' FUNDS</b>	<b>1,136,677</b>	<b>660,291</b>
<b>MINORITY INTERESTS</b>	<b>134,839</b>	<b>116,761</b>
<b>LONG TERM LIABILITIES</b>		
Hire purchase creditors	445	1,149
Deferred taxation	62,843	75,143
Bank Borrowings	483,915	868,557
Irredeemable Convertible Unsecured Loan Stock	148,747	-
Post employee defined benefit obligation	2,674	10,250
	-----	-----
	<b>1,970,140</b>	<b>1,732,151</b>
	=====	=====
 Net assets per 50 sen share (Sen)*	 234.6	 136.7
	=====	=====

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

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>AS AT 30.06.2006 RM'000</b>	<b>AS AT 30.06.2005 RM'000</b>
Net cash (used in) operating activities	164,122 =====	103,476 =====
Net cash (used in) investing activities	(44,276) =====	(233,764) =====
Net cash generated from financing activities	(69,943) =====	159,037 =====
Net (decrease) / increase in cash and cash equivalents	49,903	28,749
Cash and cash equivalents at beginning of the year	291,180 -----	262,431 -----
Cash and cash equivalent at end of the period (note a)	341,083 =====	291,180 =====
<b>Note (a)</b>		
Cash and cash equivalent		
	<b>30.06.2006 RM'000</b>	<b>30.06.2005 RM'000</b>
Cash and bank balances	31,660	20,991
Fixed Deposit	309,423 -----	270,189 -----
Cash and cash equivalent at end of the period	341,083 =====	291,180 =====

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 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 30 JUNE 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							
-as previous reported	243,437	118,550	24,868	5	(7,022)	320,992	700,830
-Prior year adjustment						(40,539)	(40,539)
	243,437	118,550	24,868	5	(7,022)	280,453	660,291
Issue of Share Capital	1,432	2,284			-		3,716
Gain not recognised In Income statement -Foreign Currency Translation Difference	-	-	-	1	-	-	1
Share repurchased	-	-	-	-	(3,680)	-	(3,680)
Irredeemable Convertible Unsecured Loan Stock	-	-	-	372,455	-	-	372,455
Profit for the period	-	-	-	-	-	138,862	138,862
Dividend paid						(34,968)	(34,968)
As at 30 June 2006	244,869	120,834	24,868	372,461	(10,702)	384,347	1,136,677

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 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 1 July 2004							
as previous reported	191,634	122,147		5	(42,279)	284,939	556,446
prior year adjustment						(40,539)	(40,539)
	191,634	122,147		5	(42,279)	244,400	515,907
Issue of Share Capital	51,803	31,659		-	-		83,462
Reserve on Consolidation			24,868				24,868
Distribution of Share dividend		(35,256)		-	35,256		-
Profit for the period	-	-	-	-	-	68,902	68,902
Dividend paid						(32,849)	(32,849)
As at 30 June 2005	243,437	118,550	24,868	5	(7,022)	280,453	660,291

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 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 except for the prior year adjustment on related deferred tax liabilities in the subsidiaries of the Company. The effect of the change in this accounting basis on the Group financial statements are as follows :

	<b>As previously Reported</b>	<b>Effect of changes</b>	<b>As reported</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2005</b>			
Balance Sheet			
- Retained earnings	320,992	(40,539)	280,453
- Deferred taxation	34,604	40,539	75,143
<b>30 June 2004</b>			
Balance Sheet			
- Retained earnings	284,939	(27,539)	257,400
- Deferred taxation	33,253	27,539	60,792

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

	<b>Current Quarter 30.06.2006 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2005 RM'000</b>	<b>Current Year To Date 30.06.2006 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2005 RM'000</b>
<b>Effects on net profits for the period:</b>				
-Net profit before changes in accounting basis	34,679	10,465	138,862	68,902
-Effects of prior year adjustment	-	(3,250)	-	(13,000)
	-----	-----	-----	-----
-Net profit for the quarter	34,679	7,215	138,862	55,902
	=====	=====	=====	=====

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.

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

**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**

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 2,696,000 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 6<sup>th</sup> January, 2006 in respect of the first & final dividend of 20% less 28% tax declared for year ended 30<sup>th</sup> 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**

- (i) On 2 September, 2005, the Company's wholly-owned subsidiary, YTL Cement Singapore Pte Ltd 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 3,093,000 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 ("the Acquisition"). The Acquisitions were completed in the same month. The completion of the Acquisitions resulted in the Company holding a 20.94% equity interest in Jurong Cement Limited.



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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

- (ii) During the current financial year todate, the Company purchased a total of 1,574,400 ordinary shares from the open market for a total consideration of RM3,679,403 . During the quarter ended 30 June 2006, a total of 302,500 shares were purchased from the open market for a total consideration of RM723,369. The shares buy-back were financed by internally generated funds. The shares are being held as treasury shares.
- (iii) 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 Shares 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:-

	<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	217,586

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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 RM290.25 million for the quarter ended 30 June, 2006 representing an increase of 46.0% from RM198.79 million in the corresponding period ended 30 June 2005. The Group's profit before tax also increased from RM13.33 million to RM40.83 million in the corresponding period ended 30 June 2005, representing an increase of 206.2%. The increases in revenue and profit before tax were substantially attributed to cement price stability

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 30.06.2006 RM'000</b>	<b>Preceding Quarter 31.03.2006 RM'000</b>
Revenue	290,246	269,694
Consolidated profit before taxation	40,827	36,381
Consolidated profit after taxation after minority interests	34,679	31,242

During the current financial quarter ended 30 June 2006, the Group recorded revenue of RM290.25 million, representing an increase of 7.62% from RM269.69 million in the preceding quarter.

In tandem with the increase in revenue, the Group's profit before taxation increased from RM36.38 million in the preceding quarter to RM40.83 million representing an increase of 12.22%.

The increase 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 2007.

**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: -

	<b>Current Year Quarter 30.06.2006 RM'000</b>	<b>Current Year To Date 30.06.2006 RM'000</b>
Tax charged for the period	3,015	13,754
Transferred to deferred taxation	(2,743)	(12,299)
Tax on share of profits of associated companies	41	146
	-----	-----
	<u>313</u>	<u>1,601</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**

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 :

	<b>Short term RM'000</b>	<b>Long term RM'000</b>	<b>Total RM'000</b>
Secured	115,385	483,915	599,300
Unsecured	219,771	-	219,771
	-----	-----	-----
	335,156	483,915	819,071
	=====	=====	=====

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

**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, 2006. The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date.

**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.

	<b>Current Quarter 30.06.2006</b>	<b>Preceding Year Corresponding Quarter (Restated) 30.06.2005</b>
Net profit /(loss) for the period (RM'000)	34,679 =====	7,215 =====
Weighted average number of ordinary shares ('000)	484,558 =====	486,748 =====
Basic earnings per 50 sen share (sen)	7.16 =====	1.48 =====

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**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.

	<b>Preceding Year</b>	
	<b>Current Quarter 30.06.2006</b>	<b>Corresponding Quarter 30.06.2005 (Restated)</b>
Net profit /(loss) for the period (RM'000)	34,679	7,215
Weighted average number of ordinary shares('000)	484,558	486,748
-ordinary shares deemed issued for no consideration on assumed exercise of Warrants, ICULS & ESOS('000)	N/A	1,918
Adjusted weighted average of ordinary shares ('000)	N/A	488,666
Diluted earnings per 50 sen share (sen)	N/A	1.48

By Order of the Board  
HO SAY KENG  
Secretary

Kuala Lumpur  
Dated : 24 August 2006