

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 2007
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2006 RM'000	12 MONTHS ENDED	
				30.06.2007 RM'000
REVENUE	312,670	290,821	1,146,494	1,061,946
COST OF SALES	(215,688)	(216,121)	(839,495)	(815,287)
GROSS PROFIT	96,982	74,700	306,999	246,659
OTHER OPERATING EXPENSE	(12,539)	(26,676)	(34,940)	(46,892)
OTHER OPERATING INCOME	5,604	6,439	19,264	16,289
PROFIT FROM OPERATION	90,047	54,463	291,323	216,056
FINANCE COSTS	(13,624)	(13,433)	(54,215)	(58,429)
SHARE OF PROFIT OF ASSOCIATED COMPANY	189	(304)	663	507
PROFIT BEFORE TAXATION	76,612	40,726	237,771	158,134
TAXATION	(3,705)	(2,111)	(15,818)	(12,955)
DEFERRED TAXATION	(13,289)	10,125	(41,727)	10,673
PROFIT FOR THE PERIOD	59,618	48,740	180,226	155,852
ATTRIBUTABLE TO :				
SHAREHOLDERS OF THE COMPANY	51,231	34,227	163,167	138,027
MINORITY INTEREST	8,387	14,513	17,059	17,825
NET PROFIT FOR THE PERIOD	59,618	48,740	180,226	155,852
EARNINGS PER SHARE				
Basic (Sen)				
• Before Mandatory Conversion of ICULS	10.81	7.06	33.98	28.51
• After Mandatory Conversion of ICULS	7.87	5.17	24.81	20.86
Diluted (Sen)	7.81	5.15	24.67	20.83

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

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

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.06.2007	30.6.2006
	RM'000	RM'000
		(Restated)
ASSETS		
Non-current Asset		
Property, Plant & Equipment	1,673,670	1,766,832
Investment properties	12,531	-
Investment in associated companies	4,720	24,272
Other Investment	19,954	-
Development Expenditure	34,960	34,782
Goodwill on Consolidation	9,090	9,090
	-----	-----
	1,754,925	1,834,976
	-----	-----
Current Assets		
Inventories	105,179	112,768
Trade receivables	168,393	160,114
Tax recoverable	5,192	4,574
Other receivables	30,175	22,006
Inter-company Balances	1,996	2,617
Deposits, Bank & Cash Balances	425,001	342,153
	-----	-----
	735,936	644,232
	-----	-----
TOTAL ASSETS	2,490,861	2,479,208
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.06.2007	30.6.2006
	RM'000	RM'000
		(Restated)
Shares Capital	245,160	244,869
Share premium	121,420	120,834
Capital Reserve	1,168	-
Retained profits	528,114	417,470
Translation reserve	157	388
ICULS - Equity Component	372,170	372,455
Treasury shares, at cost	(74,395)	(10,702)
	-----	-----
Total Equity Attributable to Shareholders	1,193,794	1,145,314
Minority Interests	151,950	134,891
	-----	-----
TOTAL EQUITY	1,345,744	1,280,205
	-----	-----
LIABILITIES		
Bank Borrowings	397,893	483,915
Post employee defined benefit obligation	74	2,599
Hire purchase creditors	657	471
Deferred taxation	63,287	21,560
ICULS- Liability Component	141,311	148,747
	-----	-----
Total Non-current Liabilities	603,222	657,292
Trade payables	75,586	71,848
Other payables	120,256	111,939
Hire purchase creditors	599	1,035
Inter-Company Balances	25,940	20,332
Short term Borrowings	316,079	335,156
Taxation	3,435	1,401
	-----	-----
Total current Liabilities	541,895	541,711
	-----	-----
TOTAL LIABILITIES	1,145,117	1,199,003
	-----	-----
TOTAL EQUITY & LIABILITIES	2,490,861	2,479,208
	=====	=====
Net assets per 50 sen share (Sen)	251.56	234.5
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	FOR THE TWELVE MONTHS ENDED	
	30.06.2007	30.06.2006
	RM'000	RM'000
Net cash (used in) operating activities	313,440	169,415
	=====	=====
Net cash (used in) investing activities	(9,905)	(51,823)
	=====	=====
Net cash generated from financing activities	(220,687)	(66,619)
	=====	=====
Net (decrease) / increase in cash and cash equivalents	82,848	50,973
Cash and cash equivalents at beginning of the year	342,153	291,180
	-----	-----
Cash and cash equivalent at end of the period (note a)	425,001	342,153
	=====	=====
Note (a)		
Cash and cash equivalent		
	30.06.2007	30.06.2006
	RM'000	RM'000
Cash and bank balances	47,163	32,732
Fixed Deposit	377,838	309,421
	-----	-----
Cash and cash equivalent at end of the period	425,001	342,153
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2007

	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Capital Reserve RM'000	Translation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	ICULS Equity RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 July 2006											
-as previous reported	244,869	120,834	24,868	-	388	383,512	(10,702)	372,455	1,136,224	134,891	1,271,115
-prior year adjustment	-	-	(24,868)	-	-	33,958	-	-	9,090	-	9,090
	244,869	120,834	-	-	388	417,470	(10,702)	372,455	1,145,314	134,891	1,280,205
Currency translation Diff, representing net exp Recognised directly in Equity					(231)				(231)		(231)
Net profit for the period						163,167			163,167	17,059	180,226
Total recognised income and exp for the period					(231)	163,167			162,936	17,059	179,995
Irredeemable Convertible Unsecured Loan Stock								(285)	(285)		(285)
Dividend paid						(52,523)			(52,523)		(52,523)
Treasury shares							(63,693)		(63,693)		(63,693)
Issue of Share Capital	291	586	-	-	-	-	-	-	877	-	877
Share-based [payment Under ESOS	-	-	-	1,168	-	-	-	-	1,168	-	1,168
	245,160	121,420	-	1,168	157	528,114	(74,395)	372,170	1,193,794	151,950	1,345,744

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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	Capital Reserve RM'000	Translation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	ICULS Equity RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 July 2005											
-as previous reported	243,437	118,550	24,868	-	5	320,992	(7,022)	0	700,830	116,761	817,591
-prior year adjustment	-	-	0	-	-	(40,539)	-	-	(40,539)	0	(40,539)
	243,437	118,550	24,868	0	5	280,453	(7,022)	-	660,291	116,761	777,052
Currency translation Diff, representing net exp Recognised directly in Equity					383				383		383
Net profit for the period						138,027			138,027	17,825	155,852
Total recognised income and exp for the period					383	138,027			138,410	17,825	156,235
Irredeemable Convertible Unsecured Loan Stock								372,455	372,455		372,455
Dividend paid						(34,968)			(34,968)		(34,968)
Treasury shares							(3,679)		(3,679)		(3,679)
Issue of Share Capital	1,431	2,284	-	-	-	-	-	-	3,715		3,715
Share-based payment Under ESOS											-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	305	305
	244,868	120,834	24,868	-	388	383,512	(10,701)	372,455	1,136,224	134,891	1,271,115

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

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

The notes to the Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2006.

A1. Accounting Policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with FRS134₂₀₀₄ “Interim Financial Reporting” (formerly known as MASB 26) and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2006 except for the adoption of the following new/revised Financial Reporting Standards (FRS) effective for financial period beginning 1 July 2006 as disclosed below:-

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

- (i) The adoption of the above FRSs does not have significant financial impact on the Group other than the effects of the following FRSs:

a) FRS 2: Share-based Payment

This FRS requires the entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity or entity’s parent or another entity in the Group as the entity.

The Company operates an equity settled, share-based compensation plan for the eligible employees of the group, the YTL Cement Berhad employees’ share option scheme (“ESOS”)

INTERIM FINANCIAL REPORT

Notes: - continued

A1. Accounting Policies and methods of computation - continued

Prior to 1 July 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting period of the grants with a corresponding increase in equity.

For the current period under review, the application of FRS 2 has resulted in a charge of approximately RM1,167,924 to the profit/loss of the Group arising from the ESOS granted to employees of the Group.

b) FRS 3: Business Combinations

The adoption of the revised FRS 3 will result in any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill arising from acquisition"), after reassessment, being recognised immediately in profit/loss.

In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 July 2006 of RM33,958,168 arising from acquisition which was previously set off against goodwill or recognised as reserves on consolidation by the Group, has been derecognised with a corresponding increase in retained earnings

c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures in the consolidated income statement.

In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, the total income and expenses for the period, showing separately the amounts attributable to the equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

INTERIM FINANCIAL REPORT

Notes: - continued

A1. Accounting Policies and methods of computation - continued

d) FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit/loss in the period in which they arise. Prior to 1 July 2006, investment properties were stated at cost less allowance for any diminution in value other than temporary. Investment properties are not subject to depreciation.

- (ii) The summary of the financial effects of changes in accounting policies resulting as a result of the adoption of the new/revised FRSs to the previous period/year's comparatives are as follows:-

- Condensed Consolidated Balance Sheet as at 30 June 2006

	As previously Stated	Adjustment		As restated
		FRS3	FRS140	
Reserve on Consolidation	24,868	(24,868)		-
Retained Earnings	<u>383,512</u>	<u>33,958</u>		<u>417,470</u>
Net assets per 50 sen share	<u>2.345</u>			<u>2.345</u>

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Notes: - continued

A2. Audit Report of preceding financial year ended 30 June 2006

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

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

- (i) During the current financial year to date, the Company repurchased a total of 14,109,100 ordinary shares of its issued share capital from the open market value for a total consideration of RM63,693,077 at an average cost of RM4.51 per share. During the quarter ended 30 June 2007, a total of 7,150,400 shares were purchased from the open market for a total consideration of RM36,964,353 at an average cost of RM5.17 per share. The shares buy-back were financed by internally generated funds. The shares are being held as treasury shares
- (ii) During the current financial year to date, a total of 470,000 ordinary shares were issued at an exercise price of RM1.21 pursuant to the exercise of employees' share option scheme (ESOS). During the quarter ended 30 June 2007, a total of 22,000 ordinary shares were issued at an exercise price of RM1.21 pursuant to the exercise of employees' share option scheme (ESOS)
- (iii) For the current financial year to date, a total of 113,580 ordinary shares of RM0.50 each were issued pursuant to the conversion of RM308,940 Nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015. During the quarter ended 30 June 2007, a total of 113,176 shares were issued pursuant to the conversion of RM307,840 Nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015.

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(Incorporated in Malaysia)

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Notes: - continued

A7. Dividend

Dividend amounting to RM17,231,235 was paid on 25 June, 2007 in respect of interim dividend of 10% less 27% tax declared for year ended 30 June 2007.

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

The Company on 15 June 2007, announced that its wholly-owned subsidiary, YTL Cement Singapore Pte Ltd ("YTL Cement Singapore") has subscribed for one (1) ordinary shares of SGD1.00 in YTL Concrete (S) Pte Ltd ("YTL Concrete") representing the entire issued and paid-up share capital of YTL Concrete. The subscription has resulted in YTL Concrete becoming a wholly-owned subsidiary of YTL Cement Singapore and indirect wholly-owned subsidiary of the Company.

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 2006.

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	206,412
	=====	=====

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Disclosure requirements per Bursa Malaysia Securities Berhad Listing Requirements Part A of Appendix 9B

B1. Review of Performance

The Group recorded a revenue and profit before taxation for the current financial quarter of RM312.7 million and RM76.61 million respectively, representing an increase of 7.5% and 88.1% respectively when compared to the preceding year corresponding quarter ended 30 June 2006. The increases in revenue and profit before tax were substantially attributed to increase in better selling price and higher demand for cement in the construction industry and improved operational efficiencies for the period under review.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2007 RM'000	Preceding Quarter 31.03.2007 RM'000
Revenue	312,670	288,005
Consolidated profit before taxation	76,612	60,407
Consolidated profit after taxation after minority interests	51,231	40,164

During the current financial quarter ended 30 June 2007, the Group recorded a revenue of RM312.7 million, representing an increase of 8.6% from RM288.0 million recorded in the preceding quarter.

In tandem with the increase in revenue, the Group's profit before taxation increased from RM60.41 million in the preceding quarter to RM76.61 million representing an increase of 26.8%.

The increases in revenue and profit before tax were substantially attributed to increase in better selling price for cement and higher demand for cement in the construction industry and improved operational efficiencies 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 2008.

B4. Profit Forecast

The Group did not issue any profit forecast or profit guarantee during the current financial quarter.

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Notes: - continued

B5. Taxation

Tax comprises the following: -

	Current Year Quarter 30.06.2007 RM'000	Current Year To Date 30.06.2007 RM'000
Tax charged for the period	3,705	15,818
Transferred to deferred taxation	13,289	41,727
	-----	-----
	<u>16,994</u>	<u>57,545</u>
	=====	=====

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate lower than the Statutory Income Tax Rate due primarily to the availability of investment tax allowances, reinvestment allowances and tax losses brought forward for some of its subsidiaries of approximately RM 1,717 million.

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.

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	101,214	397,893	499,107
Unsecured	214,865	-	214,865
	-----	-----	-----
	<u>316,079</u>	<u>397,893</u>	<u>713,972</u>
	=====	=====	=====

The borrowings are denominated in Ringgit Malaysia.

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Notes: - continued

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 recommended for the approval of shareholders a Final dividend of 20% gross less Malaysian Income Tax for the financial year ending 30 June 2007. The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined 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, assuming full conversion of 482,485,138 nominal value 100% of irredeemable Convertible Unsecured Loan Stock 2005/2015 ("ICULS")

	Current Quarter 30.06.2007	Preceding Year Corresponding Quarter 30.06.2006
Net profit /(loss) for the period (RM'000)	51,231 =====	34,227 =====
Weighted average number of ordinary shares ('000)	473,813	484,558
Assumed full conversion of ICULS	177,384 ----- 651,197 =====	177,497 ----- 662,055 =====
Basic earnings per 50 sen share (sen)		
o Before Mandatory conversion of ICULS	10.81 =====	7.06 =====
o After Mandatory conversion of ICULS	7.87 =====	5.17 =====

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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 fully exercise of ESOS during the financial quarter.

	Preceding Year	
	Current Quarter 30.06.2007	Corresponding Quarter 30.06.2006
Net profit /(loss) for the period (RM'000)	51,231 =====	34,227 =====
Weighted average number of ordinary shares('000)	651,197	662,055
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	4,802 ----- 655,999 =====	2,684 ----- 664,739 =====
Diluted earnings per 50 sen share (sen)	7.81 =====	5.15 =====

By Order of the Board

HO SAY KENG
Secretary

Kuala Lumpur
Dated : 23 August 2007