

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

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated result for the period ended 30 September 2007  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2006 RM'000	3 MONTHS ENDED	
				30.09.2007 RM'000
REVENUE	321,247	283,901	321,247	283,901
COST OF SALES	(232,496)	(215,662)	(232,496)	(215,662)
GROSS PROFIT	88,751	68,239	88,751	68,239
OTHER OPERATING EXPENSE	(6,918)	(6,302)	(6,918)	(6,302)
OTHER OPERATING INCOME	6,218	4,414	6,218	4,414
PROFIT FROM OPERATION	88,051	66,351	88,051	66,351
FINANCE COSTS	(11,915)	(14,063)	(11,915)	(14,063)
SHARE OF PROFIT OF ASSOCIATED COMPANY	307	408	307	408
PROFIT BEFORE TAXATION	76,443	52,696	76,443	52,696
TAXATION	(7,779)	(6,848)	(7,779)	(6,848)
DEFERRED TAXATION	(12,605)	(6,519)	(12,605)	(6,519)
PROFIT FOR THE PERIOD	56,059	39,329	56,059	39,329
ATTRIBUTABLE TO :				
SHAREHOLDERS OF THE COMPANY	51,407	37,759	51,407	37,759
MINORITY INTEREST	4,652	1,570	4,652	1,570
NET PROFIT FOR THE PERIOD	56,059	39,329	56,059	39,329
<b>EARNINGS PER SHARE</b>				
Basic (Sen)				
• Before Mandatory Conversion of ICULS	10.93	7.79	10.93	7.79
• After Mandatory Conversion of ICULS	7.93	5.70	7.94	5.70
Diluted (Sen)	7.88	5.69	7.88	5.69

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements

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

	<b>UNAUDITED AS AT 30.09.2007  RM'000</b>	<b>AUDITED AS AT 30.6.2007 (Restated) RM'000</b>
<b>ASSETS</b>		
<b>Non-current Asset</b>		
Property, Plant & Equipment	1,630,312	1,630,179
Prepaid payment on leasehold land	43,268	43,490
Investment properties	12,617	12,617
Investment in associated companies	43,163	41,390
Quoted Investment	15	15
Development Expenditure	35,482	34,782
Goodwill on Consolidation	10,408	10,408
	----- 1,775,265 -----	----- 1,772,881 -----
<b>Current Assets</b>		
Inventories	124,903	105,179
Trade receivables	194,024	167,296
Tax recoverable	1,212	3,488
Other receivables	31,780	30,115
Inter-company Balances	1,972	2,003
Deposits, Bank & Cash Balances	462,320	425,013
	----- 816,211 -----	----- 733,094 -----
<b>TOTAL ASSETS</b>	----- 2,591,476 =====	----- 2,505,975 =====

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**CONDENSED CONSOLIDATED BALANCE SHEETS – continued**

	<b>UNAUDITED AS AT 30.09.2007  RM'000</b>	<b>AUDITED AS AT 30.6.2007 (Restated) RM'000</b>
Shares Capital	245,169	245,160
Share premium	121,432	121,420
Other Reserves	884	227
Retained profits	598,121	546,714
ICULS - Equity Component	372,245	372,245
Treasury shares, at cost	(79,651)	(74,395)
	-----	-----
<b>Total Equity Attributable to Shareholders</b>	<b>1,258,200</b>	<b>1,211,371</b>
<b>Minority Interests</b>	<b>156,704</b>	<b>152,052</b>
	-----	-----
<b>TOTAL EQUITY</b>	<b>1,414,904</b>	<b>1,363,423</b>
	-----	-----
<b>LIABILITIES</b>		
Other payables	23,364	22,806
Bank Borrowings	397,893	397,893
Hire purchase creditors	970	545
Deferred taxation	75,687	63,082
ICULS- Liability Component	139,171	141,241
	-----	-----
<b>Total Non-current Liabilities</b>	<b>637,085</b>	<b>625,567</b>
Trade payables	69,699	79,356
Other payables	105,388	94,926
Hire purchase creditors	483	711
Inter-Company Balances	18,514	23,922
Short term Borrowings	340,049	316,079
Provision for Taxation	5,354	1,991
	-----	-----
<b>Total current Liabilities</b>	<b>539,487</b>	<b>516,985</b>
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>1,176,572</b>	<b>1,142,552</b>
	-----	-----
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,591,476</b>	<b>2,505,975</b>
	=====	=====
Net assets per 50 sen share (Sen)	265.55	255.01
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements

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

	<b>FOR THE THREE MONTHS ENDED</b>	
	<b>30.09.2007</b>	<b>30.09.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash (used in) operating activities	42,183	72,877
	=====	=====
Net cash (used in) investing activities	(23,807)	(1,391)
	=====	=====
Net cash generated from financing activities	18,931	(7,074)
	=====	=====
Net (decrease) / increase in cash and cash equivalents	37,307	64,412
Cash and cash equivalents at beginning of the year	425,013	342,153
	-----	-----
Cash and cash equivalent at end of the period (note a)	462,320	406,565
	=====	=====
<b>Note (a)</b>		
Cash and cash equivalent		
	<b>30.09.2007</b>	<b>30.09.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	20,115	30,700
Fixed Deposit	442,205	375,865
	-----	-----
Cash and cash equivalent at end of the period	462,320	406,565
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements

**YTL CEMENT BERHAD (Company No. 31384-K)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Other Reserves 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 2007											
-as previous reported	245,160	121,420	-	-	227	546,714	(74,395)	372,245	1,211,371	152,052	1,363,423
Currency translation Diff, representing net expenditure Recognised directly in Equity				447				447		447	
Net profit for the period					51,407			51,407	4,652	56,059	
Total recognised income and exp dt. for the period				447	51,407			51,854	4,652	56,506	
Irredeemable Convertible Unsecured Loan Stock											
Dividend paid											
Treasury shares						(5,256)		(5,256)		(5,256)	
Issue of Share Capital	9	12	-	-	-	-	-	21	-	21	
Share-based payment Under ESOS	-	-	-	210	-	-	-	210	-	210	
	245,169	121,432	-	884	598,121	(79,651)	372,245	1,258,200	156,704	1,414,904	

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 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 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 expenditure Recognised directly in Equity											
Net profit for the period					349	37,759			38,108	1,570	39,678
Total recognised income and exp dt. for the period					349	37,759			38,108	1,570	39,678
Irredeemable Convertible Unsecured Loan Stock Dividend paid											
Treasury shares							(23)		(23)		(23)
Issue of Share Capital	12	17	-	-	-	-	-	-	29	-	29
Share-based payment									-		-
Under ESOS	-	-	-	292	-	-	-	-	292	-	292
	244,881	120,851	-	292	737	455,229	(10,725)	372,455	1,183,720	136,461	1,320,181

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements

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**Disclosure requirements pursuant to FRS 134**

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 2007.

**A1. Accounting Policies and methods of computation**

The interim financial report is unaudited and has been prepared in accordance with FRS134<sup>2004</sup> "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 2007 except for the adoption of the following new/revised Financial Reporting Standards (FRS), which are relevant to its operations, effective the financial period beginning 1 July 2007:-

FRS 107 Cash Flow Statements  
FRS 112 Income Taxes  
FRS 117 Leases  
FRS 118 Revenue  
FRS 124 Related Party Disclosures  
FRS 134 Interim Financial Reporting  
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

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

i) **FRS 117: leases**

Prior to the adoption of the revised FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses. Under the revised FRS 117, leasehold land is an operating lease unless title passes to the lessee at the end of the lease term. With the adoption of the revised FRS 117, the unamortised carrying amounts of leasehold land are now classified as prepaid lease payment and amortised over the period of its remaining lease term, as allowed by the transitional provisions of the revised FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparatives in the balance sheet have been restated

ii) The effects on the comparatives to the Group on adoption of FRS 117 are as follows :-

	As previous Reported	Effect on Adoption of FRS 117	As restated
RM'000			
Group			
Property Plant and equipment	1,673,669	(43,490)	1,630,179
Prepaid lease payment	-	43,490	43,490

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**Notes: - continued**

**A2. Audit Report of preceding financial year ended 30 June 2007**

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 quarter and financial year todate, the Company repurchased a total of 1,072,200 ordinary shares of its issued share capital from the open market value for a total consideration of RM5,255,427 at an average cost of RM4.90 per share. The shares buy-back were financed by internally generated funds. The shares are being held as treasury shares
- (ii) For the current financial quarter and financial year todate, a total of 17,000 ordinary shares were issued at an exercise price of RM1.21 pursuant to the exercise of employees' share option scheme (ESOS).

**A7. Dividend**

There was no dividend paid during the quarter ended 30 September 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.



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**Notes: - continued**

**A9. Material Events Subsequent to the end of the interim period**

There were no material events subsequent to the end of the current financial quarter.

**A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial quarter, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

On 28 August, 2007, the Company's wholly-owned subsidiary, YTL Cement (Hong Kong) Limited entered into a contract ("Contract") for the transfer of equity interests with various parties as set out therein for the purchase of the entire equity interests in Zhejiang Lin'an Jin Yuan Cement Co. Ltd. for a total cash consideration of Renminbi 150,000,000 or its foreign currency equivalent. Zhejiang Lin'an Jin Yuan Cement Co., Ltd became a wholly-owned subsidiary of the Company following the completion of Contract on 15 November 2007.

**A11. 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 2007.

The Company has given corporate guarantees amounting to RM356 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	355,900	224,849
	=====	=====

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

#### **B1. Review of Performance**

The Group recorded a revenue and profit before taxation for the current financial quarter of RM321.2 million and RM76.44 million respectively, representing an increase of 13.2% and 45.1% respectively when compared to the preceding year corresponding quarter ended 30 September 2006. The increases in revenue and profit before tax were substantially attributed to higher demand for cement in the construction industry and improved operational efficiencies for the period under review and the better selling prices.

#### **B2. Comparison with Preceding Quarter**

	<b>Current Quarter 30.09.2007 RM'000</b>	<b>Preceding Quarter 30.06.2007 RM'000</b>
Revenue	321,247	312,670
Consolidated profit before taxation	76,443	76,612
Consolidated profit after taxation after minority interests	51,407	51,231

During the current financial quarter ended 30 September 2007, the Group recorded a revenue of RM321.25 million, representing an increase of 2.7% from RM312.67 million recorded in the preceding quarter. The Group's profit before taxation remained substantially unchanged

#### **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: -

	<b>Current Year Quarter 30.09.2007 RM'000</b>	<b>Current Year To Date 30.09.2007 RM'000</b>
Tax charged for the period	7,779	7,779
Transferred to deferred taxation	12,605	12,605
	----- 20,384 =====	----- 20,384 =====

**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**

Save for the following, there is no corporate proposal announced and pending as at the date of this report:-

On 29 August, 2007, the Company announced its proposal to issue via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, up to United States Dollar 200 million nominal value five (5) year guaranteed Exchangeable Bonds which are exchangeable into new ordinary shares of RM0.50 each in the Company ("the Proposed Exchangeable Bonds Issue").

On 4 October 2007, Bank Negara Malaysia has granted its approval-in-principle for the Proposed Exchangeable Bonds Issue. The Proposed Exchangeable Bonds Issue has been approved by the Securities Commission ("SC") and the equity compliance units of the SC (via the SC) on 4 October, 2007, subject to, inter-alia, the condition that the Company is required to increase its Bumiputera equity by 3.06% (or 23,500,000 Shares) of the new enlarged issued and paid-up share capital of the Company within 2 years after the date of implementation of the Proposed Exchangeable Bonds Issue.

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**Notes: - continued**

**B8. Corporate Development (Cont'd)**

The Proposed Exchangeable Bonds Issue has been approved by the shareholders of the Company at the Extraordinary General Meeting held on 6 November 2007.

Approvals from the Ministry of International Trade & Industry, Labuan Offshore Financial Services Authority and Bursa Malaysia Securities Berhad are still pending.

**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	101,214	397,893	499,107
Unsecured	238,835	-	238,835
	-----	-----	-----
	340,049	397,893	737,942
	=====	=====	=====

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**

No dividend has been declared for the current financial quarter.

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**INTERIM FINANCIAL REPORT**

**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, assuming full conversion of 482,485,138 nominal value 100% of irredeemable Convertible Unsecured Loan Stock 2005/2015 (“ICULS”)

	<b>Current Quarter 30.09.2007</b>	<b>Preceding Year Corresponding Quarter 30.09.2006</b>
Net profit /(loss) for the period (RM'000)	51,407 =====	37,759 =====
Weighted average number of ordinary shares ('000)	470,500	484,472
Assumed full conversion of ICULS	177,384 ----- 647,884 =====	177,603 ----- 662,075 =====
Basic earnings per 50 sen share (sen)		
○ Before Mandatory conversion of ICULS	10.93 =====	7.79 =====
○ After Mandatory conversion of ICULS	7.93 =====	5.70 =====

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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.

	<b>Preceding Year</b>	
	<b>Current Quarter 30.09.2007</b>	<b>Corresponding Quarter 30.09.2006</b>
Net profit /(loss) for the period (RM'000)	51,407 =====	37,759 =====
Weighted average number of ordinary shares('000)	647,884	662,075
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	4,648 ----- 652,532 =====	1,053 ----- 663,128 =====
Diluted earnings per 50 sen share (sen)	7.88 =====	5.69 =====

**B14. Audit Report of preceding financial year ended 30 June 2007**

The audit report on the financial statements of the preceding financial year ended 30 June 2007 was not subject to any qualification.

By Order of the Board

HO SAY KENG  
Secretary

Kuala Lumpur  
Dated : 22 November 2007