

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated result for the period ended 31st December 2007
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2006 RM'000	6 MONTHS ENDED	
				31.12.2007 RM'000
REVENUE	315,536	261,917	636,783	545,819
COST OF SALES	(238,571)	(198,562)	(471,066)	(414,226)
GROSS PROFIT	76,965	63,355	165,717	131,593
OTHER OPERATING EXPENSE	(8,586)	(6,452)	(15,504)	(12,754)
OTHER OPERATING INCOME	6,484	4,680	12,702	9,094
PROFIT FROM OPERATION	74,863	61,583	162,915	127,933
FINANCE COSTS	(12,329)	(13,737)	(24,245)	(27,800)
SHARE OF PROFIT OF ASSOCIATED COMPANY	291	212	599	620
PROFIT BEFORE TAXATION	62,825	48,058	139,269	100,753
TAXATION	(6,528)	(4,009)	(14,307)	(10,856)
DEFERRED TAXATION	(8,179)	(8,350)	(20,784)	(14,869)
PROFIT FOR THE PERIOD	48,118	35,699	104,178	75,028
ATTRIBUTABLE TO :				
SHAREHOLDERS OF THE COMPANY	43,840	34,013	95,248	71,772
MINORITY INTEREST	4,278	1,686	8,930	3,256
NET PROFIT FOR THE PERIOD	48,118	35,699	104,178	75,028
EARNINGS PER SHARE				
Basic (Sen)				
• Before Mandatory Conversion of ICULS	9.33	7.04	20.24	14.83
• After Mandatory Conversion of ICULS	6.77	5.15	14.70	10.85
Diluted (Sen)	6.73	5.13	14.60	10.82

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

	UNAUDITED AS AT 31.12.2007 RM'000	AUDITED AS AT 30.6.2007 (Restated) RM'000
ASSETS		
Non-current Asset		
Property, Plant & Equipment	1,788,431	1,630,179
Prepaid payment on leasehold land	50,764	43,490
Investment properties	12,617	12,617
Investment in associated companies	43,306	41,390
Quoted Investment	15	15
Development Expenditure	34,844	34,782
Goodwill on Consolidation	63,103	10,408
	----- 1,993,080 -----	----- 1,772,881 -----
Current Assets		
Inventories	153,745	105,179
Trade receivables	177,132	167,296
Tax recoverable	1,322	3,488
Other receivables	40,227	30,115
Inter-company Balances	1,711	2,003
Deposits, Bank & Cash Balances	424,505	425,013
	----- 798,642 -----	----- 733,094 -----
TOTAL ASSETS	----- 2,791,722 =====	----- 2,505,975 =====

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2007	30.6.2007
		(Restated)
	RM'000	RM'000
Shares Capital	245,169	245,160
Share premium	121,434	121,420
Other Reserves	111	227
Retained profits	607,681	546,714
ICULS - Equity Component	372,243	372,245
Treasury shares, at cost	(81,086)	(74,395)
	-----	-----
Total Equity Attributable to Shareholders	1,265,552	1,211,371
Minority Interests	160,982	152,052
	-----	-----
TOTAL EQUITY	1,426,534	1,363,423
	-----	-----
LIABILITIES		
Other payables	34,982	22,806
Bank Borrowings	401,323	397,893
Hire purchase creditors	1,084	545
Deferred taxation	83,866	63,082
ICULS- Liability Component	137,100	141,241
	-----	-----
Total Non-current Liabilities	658,355	625,567
Trade payables	125,132	79,356
Other payables	191,551	94,926
Hire purchase creditors	400	711
Inter-Company Balances	20,468	23,922
Short term Borrowings	359,833	316,079
Provision for Taxation	9,449	1,991
	-----	-----
Total current Liabilities	706,833	516,985
	-----	-----
TOTAL LIABILITIES	1,365,188	1,142,552
	-----	-----
TOTAL EQUITY & LIABILITIES	2,791,722	2,505,975
	=====	=====
Net assets per 50 sen share (Sen)	256.06	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

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	FOR THE SIX MONTHS ENDED	
	31.12.2007	31.12.2006
	RM'000	RM'000
Net cash (used in) operating activities	142,377	103,615
	=====	=====
Net cash (used in) investing activities	(95,060)	(3,293)
	=====	=====
Net cash generated from financing activities	(47,825)	(39,735)
	=====	=====
Net (decrease) / increase in cash and cash equivalents	(508)	60,587
Cash and cash equivalents at beginning of the year	425,013	342,153
	-----	-----
Cash and cash equivalent at end of the period (note a)	424,505	402,740
	=====	=====
Note (a)		
Cash and cash equivalent		
	31.12.2007	30.12.2006
	RM'000	RM'000
Cash and bank balances	48,772	24,018
Fixed Deposit	375,733	378,722
	-----	-----
Cash and cash equivalent at end of the period	424,505	402,740
	=====	=====

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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				(535)				(535)		(535)	
Net profit for the period					95,248			95,248	8,930	104,178	
Total recognised income and exp dt. for the period				(535)	95,248			94,713	8,930	103,643	
Irredeemable Convertible Unsecured Loan Stock							(2)	(2)		(2)	
Dividend paid					(34,281)			(34,281)		(34,281)	
Treasury shares						(6,691)		(6,691)		(6,691)	
Issue of Share Capital	9	14	-	-	-	-	-	23	-	23	
Share-based payment Under ESOS	-	-	-	419	-	-	-	419	-	419	
	245,169	121,434	-	111	607,681	(81,086)	372,243	1,265,552	160,982	1,426,534	

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2006

	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Other 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				178				178		178
Net profit for the period					71,772			71,772	3,256	75,028
Total recognised income and exp for the period				178	71,772			71,950	3,256	75,206
Irredeemable Convertible Unsecured Loan Stock							(1)	(1)		(1)
Dividend paid Treasury shares						(11,226)		(11,226)		(11,226)
Issue of Share Capital	220	313	-		-			533	-	533
Share-based [payment Under ESOS	-	-	-	584	-	-	-	584	-	584
	245,089	121,147	-	1,150	489,242	(21,928)	372,454	1,207,154	138,147	1,345,301

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 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 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

INTERIM FINANCIAL REPORT

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 year todate, the Company repurchased a total of 1,351,400 ordinary shares of its issued share capital from the open market at an average cost of RM4.95 per share. During the quarter ended 31 December 2007, a total of 279,200 shares were purchased from the open market at an average cost of RM5.15 per share. The total consideration paid for the share buy-back during the financial year todate and financial quarter ended 31 December 2007, including transaction costs, was RM6,691,113 and RM1,435,685 respectively, and was financed by internally generated funds. As at 31 December 2007, the total shares bought back, all of which are held as treasury shares, amounted to 20,733,164 ordinary shares.
- (ii) For the current 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 granted under the Company's Employees' Share Option Scheme (ESOS).
- (iii) For the quarter ended 31 December 2007, a total of 889 ordinary shares of RM0.50 each were issued pursuant to the conversion of RM2,420 Nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015.

A7. Dividend

Dividend amounting to RM34,281,215 was paid on 31st December 2007 in respect of the final dividend of 20% less 27% tax declared for year ended 30th June 2007.

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Notes: - continued

A8. Segment Reporting

No segment information is prepared as the Group's activities are predominantly in one industry segment .

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:-

	Total Amount Guaranteed RM'000	Amount Utilised RM'000
Letters of credit/trust receipts/bankers acceptances/ overdrafts/bankers guarantees	355,900	221,844
	=====	=====

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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 RM315.5 million and RM62.8 million respectively, representing an increase of 20.5% and 30.7% respectively when compared to the preceding year corresponding quarter ended 31 December 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

	Current Quarter 31.12.2007 RM'000	Preceding Quarter 30.09.2007 RM'000
Revenue	315,536	321,247
Consolidated profit before taxation	62,825	76,443
Consolidated profit after taxation after minority interests	43,840	51,407

During the current financial quarter ended 31 December 2007, the Group recorded a revenue of RM315.5 million, representing a drop of 1.8% from RM321.2 million recorded in the preceding quarter.

In tandem with the drop in revenue, the Group's profit before taxation reduced from RM76.4 million in the preceding quarter to RM62.8 million representing a reduction of 17.8%.

The decreases in revenue and profit before tax were substantially attributed to lower demand for cement in the construction industry and increased energy costs during the current financial quarter.

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 31.12.2007 RM'000	Current Year To Date 31.12.2007 RM'000
Tax charged for the period	6,528	14,307
Transferred to deferred taxation	8,179	20,784
	-----	-----
	<u>14,707</u>	<u>35,091</u>

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

There was no purchase or sale of quoted investment during the current financial quarter and financial year to date

The cost, carrying value and the market value of the quoted investment of the group as at end of the current reporting quarter are:-

	RM'000
Cost	15
Carrying Value	15
Market Value	1

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Notes: - continued

B8. Corporate Proposals

Save for the following, there were no corporate proposals 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.

The Company has also received approval from Bank Negara Malaysia (“BNM”) on 8th October 2007, Labuan offshore Financial Services Authority (“LOFSA”) on 28th December 2007 and the Ministry of International Trade and Industry (“MITI”) on 28th January 2008. Approval of the shareholders of the Company was received on 6th November 2007.

The Proposed Exchangeable Bonds Issue is now pending implementation, subject to the prevailing market conditions

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	123,731	358,127	481,858
Unsecured	236,102	43,197	279,299
	-----	-----	-----
	359,833	401,324	761,157
	=====	=====	=====

The borrowings which are denominated in foreign currency are as follows :-

In Singapore Dollar (‘000)	4,584
	=====
In Chinese RMB (‘000)	48,198
	=====

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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 declared an interim dividend of 20% gross less Malaysian Income Tax for the current financial year ending 30 June 2008 and that the Book Closure and Payment Dates in respect of the aforesaid dividend be 10 March 2008 and 24 March 2008 respectively.

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 482,482,718 nominal value 100% of irredeemable Convertible Unsecured Loan Stock 2005/2015 (“ICULS”)

	Current Quarter 31.12.2007	Preceding Year Corresponding Quarter 31.12.2006
Net profit /(loss) for the period (RM'000)	43,840 =====	34,013 =====
Weighted average number of ordinary shares ('000)	469,715	483,418
Assumed full conversion of ICULS	177,383 ----- 647,098 =====	177,497 ----- 660,915 =====
Basic earnings per 50 sen share (sen)		
o Before Mandatory conversion of ICULS	9.33 =====	7.04 =====
o After Mandatory conversion of ICULS	6.77 =====	5.15 =====

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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 31.12.2007	Corresponding Quarter 31.12.2006
Net profit /(loss) for the period (RM'000)	43,840 =====	34,013 =====
Weighted average number of ordinary shares('000)	647,098	660,915
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	4,648 ----- 651,746 =====	2,169 ----- 663,084 =====
Diluted earnings per 50 sen share (sen)	6.73 =====	5.13 =====

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 February 2008