

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated result for the quarter ended 30th September 2008.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2007 RM'000	3 MONTHS ENDED	
				30.09.2008 RM'000
REVENUE	458,950	321,247	458,950	321,247
COST OF SALES	(339,920)	(232,496)	(339,920)	(232,496)
GROSS PROFIT	119,030	88,751	119,030	88,751
OTHER OPERATING EXPENSE	(10,314)	(6,918)	(10,314)	(6,918)
OTHER OPERATING INCOME	4,992	6,218	4,992	6,218
PROFIT FROM OPERATION	113,708	88,051	113,708	88,051
FINANCE COSTS	(11,987)	(11,915)	(11,987)	(11,915)
SHARE OF PROFIT OF ASSOCIATED COMPANY	93	307	93	307
PROFIT BEFORE TAXATION	101,814	76,443	101,814	76,443
TAXATION	(11,170)	(7,779)	(11,170)	(7,779)
DEFERRED TAXATION	(14,172)	(12,605)	(14,172)	(12,605)
PROFIT FOR THE PERIOD	76,472	56,059	76,472	56,059
ATTRIBUTABLE TO :				
SHAREHOLDERS OF THE COMPANY	69,198	51,407	69,198	51,407
MINORITY INTEREST	7,274	4,652	7,274	4,652
NET PROFIT FOR THE PERIOD	76,472	56,059	76,472	56,059
EARNINGS PER SHARE				
Basic (Sen)				
• Before Mandatory Conversion of ICULS	14.74	10.93	14.74	10.93
• After Mandatory Conversion of ICULS	10.70	7.93	10.70	7.94
Diluted (Sen)	10.65	7.88	10.65	7.88

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 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 30.09.2008 RM'000	AUDITED AS AT 30.6.2008 RM'000
ASSETS		
Non-current Asset		
Property, Plant & Equipment	1,775,980	1,786,104
Prepaid payment on leasehold land	59,366	59,382
Investment properties	12,617	12,617
Investment in associated companies	47,801	47,708
Quoted Investment	15	15
Deferred tax assets	-	11,011
Development Expenditure	35,151	34,833
Goodwill on Consolidation	60,476	60,476
	----- 1,991,406 -----	----- 2,012,146 -----
Current Assets		
Inventories	218,778	150,241
Trade receivables	210,036	220,747
Tax recoverable	438	959
Other receivables	46,554	48,004
Inter-company Balances	4,896	7,077
Deposits, Bank & Cash Balances	457,876	382,586
	----- 938,578 -----	----- 809,614 -----
TOTAL ASSETS	----- 2,929,984 =====	----- 2,821,760 =====

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED AS AT 30.09.2008	AUDITED AS AT 30.6.2008
	RM'000	RM'000
Shares Capital	245,238	245,170
Share premium	121,632	121,435
Other Reserves	5,675	11,144
Retained profits	846,882	777,684
ICULS - Equity Component	372,242	372,242
Treasury shares, at cost	(82,091)	(82,057)
	-----	-----
Total Equity Attributable to Shareholders	1,509,578	1,445,618
Minority Interests	177,474	170,200
	-----	-----
TOTAL EQUITY	1,687,052	1,615,818
	-----	-----
LIABILITIES		
Other payables	19,840	20,695
Bank Borrowings	406,824	400,684
Hire purchase creditors	9,891	9,830
Deferred Taxation	3,161	-
ICULS- Liability Component	130,934	133,004
	-----	-----
Total Non-current Liabilities	570,650	564,213
	-----	-----
Trade payables	97,928	122,864
Other payables	147,952	149,389
Hire purchase creditors	4,224	2,377
Inter-Company Balances	38,575	46,090
Short term Borrowings	374,541	315,635
Provision for Taxation	9,062	5,374
	-----	-----
Total current Liabilities	672,282	641,729
	-----	-----
TOTAL LIABILITIES	1,242,932	1,205,942
	-----	-----
TOTAL EQUITY & LIABILITIES	2,929,984	2,821,760
	=====	=====
Net assets per 50 sen share (Sen)	308.63	295.08
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	FOR THE THREE MONTHS ENDED	
	30.09.2008	30.09.2007
	RM'000	RM'000
Net cash (used in) operating activities	25,710	42,183
	=====	=====
Net cash (used in) investing activities	(17,605)	(23,807)
	=====	=====
Net cash generated from financing activities	67,185	18,931
	=====	=====
Net (decrease) / increase in cash and cash equivalents	75,290	37,307
Cash and cash equivalents at beginning of the year	382,586	425,013
	-----	-----
Cash and cash equivalent at end of the period (note a)	457,876	462,320
	=====	=====
Note (a)		
Cash and cash equivalent		
	30.09.2008	30.09.2007
	RM'000	RM'000
Cash and bank balances	78,909	20,115
Fixed Deposit	378,967	442,205
	-----	-----
Cash and cash equivalent at end of the period	457,876	462,320
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 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 QUARTER ENDED 30 SEPTEMBER 2008

	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 2008										
-as previous reported	245,170	121,435	-	11,144	777,684	(82,057)	372,242	1,445,618	170,200	1,615,818
Currency translation Diff, representing net expenditure Recognised directly in Equity				(5,698)				(5,698)		(5,698)
Net profit for the period					69,198			69,198	7,274	76,472
Total recognised income and exp dt. for the period	-	-	-	(5,698)	69,198	-	-	63,500	7,274	70,774
Irredeemable Convertible Unsecured Loan Stocks								-		-
Dividend paid										
Treasury shares						(34)		(34)		(34)
Issue of Share Capital	68	197	-	-	-	-	-	265		265
Acquisition of Subsidiary									-	-
Share-based payment Under ESOS	-	-	-	229	-	-	-	229	-	229
As at 30 September 2008	245,238	121,632	-	5,675	846,882	(82,091)	372,242	1,509,578	177,474	1,687,052

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL 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				447				447		447	
Diff, representing net exp Recognised directly in Equity											
Net profit for the period					51,407			51,407	4,652	56,059	
Total recognised income and exp for the period				447	51,407			51,854	4,652	56,506	
Irredeemable Convertible Unsecured Loan Stocks 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	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 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 2008.

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 accounting policies and methods of computation are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2008.

A2. Audit Report of preceding financial year ended 30 June 2008

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

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 to date, the Company repurchased a total of 10,000 ordinary shares of its issued share capital from the open market value for a total consideration of RM33,846 at an average cost of RM3.38 per share. The shares buy-back were financed by internally generated funds. The shares are being held as treasury shares. As at 30 September 2008, the total shares bought back, all of which are held as treasury shares, amounted to 20,944,164 ordinary shares.
- (ii) For the current financial quarter and financial year to date, a total of 22,000 ordinary shares were issued at an exercise price of RM1.21 and a total of 115,000 ordinary shares were issued at an exercise price of RM2.08 pursuant to the exercise of employees' share option scheme (ESOS).

A7. Dividend

There was no dividend paid during the quarter ended 30 September 2008.

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 was no item, transaction or event of a material or unusual nature during the period from the end of the quarter under review to the date of this report, except as disclosed below.

On 19 November 2008, the Company announced the incorporation of Concrete Industries Pte Ltd ("Concrete Industries") as a wholly-owned subsidiary of YTL Concrete (S) Pte Ltd. YTL Concrete (S) Pte Ltd is a wholly-owned subsidiary of YTL Cement Singapore Pte Ltd which in turn is a wholly-owned subsidiary of the Company.

Concrete Industries which was incorporated with an issued and paid-up share capital of S\$1.00 comprising 1 ordinary share of S\$1.00 will be principally involved in the manufacture and supply of ready-mixed concrete and related products.

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Notes: - continued

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter ended 30 September 2008, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations except for the following:-

- (i) The Company subscribed for 4,990 ordinary shares of par value USD100 each representing 99.8% of the issued and paid-up share capital of P.T. YTL Simen Indonesia (“YTL Simen Indo”) for a cash consideration of USD499,000 whilst YTL Cement Singapore Pte Ltd, a wholly-owned subsidiary of the Company, subscribed for the remaining 0.2% of the issued and paid-up share capital or 10 ordinary shares for a cash consideration of US1,000. As a result, YTL Simen Indo has on 29 July 2008 become a subsidiary of YTL Cement.

YTL Simen Indo is a limited liability company and has an authorised share capital of US\$500,000 comprising 5,000 shares of US\$100 each, all of which have been issued and paid-up. YTL Simen Indo will be principally involved in the distribution and sale of cement and clinker.

- (ii) On 12 September 2008, YTL Cement (Hong Kong) Limited, a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary in the People’s Republic of China known as Zhejiang YTL Cement Marketing Co. Ltd. (“ZYTLCM”) with a registered capital of RMB 5 million. ZYTLCM was set up for the purpose of undertaking the business of sales and marketing of cement and cementitious products.

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 2008.

The Company has given corporate guarantees amounting to RM564 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	563,796 =====	378,084 =====

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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 revenue and profit before taxation for the current financial quarter of RM458.9 million and RM 101.8 million respectively, representing an increase of 42.9% and 33.2% respectively when compared to the preceding year corresponding quarter ended 30 September 2007. The increase in revenue and profit before tax were substantially attributed to overseas operations and improved operational efficiencies for the period under review and the better selling prices.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2008 RM'000	Preceding Quarter 30.06.2008 RM'000
Revenue	458,950	449,185
Consolidated profit before taxation	101,814	79,060
Consolidated profit after taxation after minority interests	69,198	50,822

During the current financial quarter ended 30 September 2008, the Group recorded revenue of RM458.9 million, representing an increase of 2.2% from RM449.2 million recorded in the preceding quarter.

In tandem with the increase in revenue, the Group's profit before taxation increased from RM79.1 million in the preceding quarter to RM101.8 million representing an increase of 28.8%.

The increases in revenue and profit before tax were substantially attributed to overseas operations and better selling prices.

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 2009.

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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 30.09.2008 RM'000	Current Year To Date 30.09.2008 RM'000
Tax charged for the period	11,170	11,170
Transferred to deferred taxation	14,172	14,172
	----- 25,342 =====	----- 25,342 =====

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 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 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 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 its shareholders for the Proposed Exchangeable Bonds Issue at the Extraordinary General Meeting held on 6 November 2007. Approvals from the Labuan Offshore Financial Services Authority and the Ministry of International Trade and Industry were obtained on 28 December 2007 and 28 January 2008 respectively.

The Company applied and was granted vide SC letter dated 2 April 2008 an extension of time up to 4 October 2008 to complete the Proposed Exchangeable Bonds Issue (“Extension of Time”). The Company thereafter applied for a further extension of time to 4 April 2009 to complete the Proposed Exchangeable Bonds Issue (“Further Extension of Time”). The SC has vide its letter of 26 September 2008 approved the Further Extension of Time.

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

B9. Group Borrowings and Debt Securities

The Group’s borrowings from financial institutions as at end of the current financial quarter to date are as follows :

	Short term RM’000	Long term RM’000	Total RM’000
Secured	118,132	279,761	397,893
Unsecured	256,409	127,063	383,472
	-----	-----	-----
	374,541	406,824	781,365
	=====	=====	=====

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

In Singapore Dollar ('000)	2,000
	=====
In US\$ ('000)	37,000
	=====
In RMB ('000)	30,000
	=====

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 3% gross less Malaysian Income Tax and 7% single tier for the current financial year ending 30 June 2009 and the book closure and payment dates in respect of the aforesaid dividend are 5 January 2009 and 20 January 2009 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 482,481,758 nominal value 100% of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 ("ICULS").

	Current Quarter 30.09.2008	Preceding Year Corresponding Quarter 30.09.2007
Net profit /(loss) for the period (RM'000)	69,198	51,407
	=====	=====
Weighted average number of ordinary shares ('000)	469,459	470,500
Assumed full conversion of ICULS	177,383	177,384
	-----	-----
	646,842	647,884
	=====	=====
Basic earnings per 50 sen share (sen)		
o Before Mandatory conversion of ICULS	14.74	10.93
	=====	=====
o After Mandatory conversion of ICULS	10.70	7.93
	=====	=====

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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 fully exercise of ESOS during the financial quarter.

	Preceding Year	
	Current Quarter 30.09.2008	Corresponding Quarter 30.09.2007
Net profit /(loss) for the period (RM'000)	69,198 =====	51,407 =====
Weighted average number of ordinary shares('000)	646,842	647,884
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	2,797 ----- 649,639 =====	4,648 ----- 652,532 =====
Diluted earnings per 50 sen share (sen)	10.65 =====	7.88 =====

B14. Audit Report of preceding financial year ended 30 June 2008

The audit report on the financial statements of the preceding financial year ended 30 June 2008 was not subject to any qualification.

By Order of the Board

HO SAY KENG
Secretary

Kuala Lumpur
Dated : 20 November 2008