

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated result for the quarter ended 31 December 2008.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2007 RM'000	6 MONTHS ENDED	
				31.12.2008 RM'000
REVENUE	491,976	315,536	950,926	636,783
COST OF SALES	(404,022)	(238,571)	(743,942)	(471,066)
GROSS PROFIT	87,954	76,965	206,984	165,717
OTHER OPERATING EXPENSE	(10,049)	(8,586)	(20,362)	(15,504)
OTHER OPERATING INCOME	4,497	6,484	9,489	12,702
PROFIT FROM OPERATION	82,402	74,863	196,111	162,915
FINANCE COSTS	(12,541)	(12,329)	(24,528)	(24,245)
SHARE OF PROFIT OF ASSOCIATED COMPANY	46	291	139	599
PROFIT BEFORE TAXATION	69,907	62,825	171,722	139,269
TAXATION	(13,700)	(6,528)	(24,870)	(14,307)
DEFERRED TAXATION	(4,313)	(8,179)	(18,485)	(20,784)
PROFIT FOR THE PERIOD	51,894	48,118	128,367	104,178
ATTRIBUTABLE TO :				
SHAREHOLDERS OF THE COMPANY	48,441	43,840	117,639	95,248
MINORITY INTEREST	3,453	4,278	10,728	8,930
NET PROFIT FOR THE PERIOD	51,894	48,118	128,367	104,178
EARNINGS PER SHARE				
Basic (Sen)				
• Before Mandatory Conversion of ICULS	10.32	9.33	25.06	20.24
• After Mandatory Conversion of ICULS	7.49	6.77	18.19	14.70
Diluted (Sen)	7.48	6.73	18.13	14.60

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED AS AT 31.12.2008 RM'000	AUDITED AS AT 30.6.2008 RM'000
ASSETS		
Non-current Asset		
Property, Plant & Equipment	1,757,213	1,786,104
Prepaid payment on leasehold land	59,831	59,382
Investment properties	12,617	12,617
Investment in associated companies	47,475	47,708
Quoted Investment	15	15
Deferred tax assets	-	11,011
Development Expenditure	35,151	34,833
Goodwill on Consolidation	60,476	60,476
	----- 1,972,778 -----	----- 2,012,146 -----
Current Assets		
Inventories	206,721	150,241
Trade receivables	286,982	220,747
Tax recoverable	1,266	959
Other receivables	37,592	48,004
Inter-company Balances	11,538	7,077
Deposits, Bank & Cash Balances	531,936	382,586
	----- 1,076,035 -----	----- 809,614 -----
TOTAL ASSETS	----- 3,048,813 =====	----- 2,821,760 =====

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED AS AT 31.12.2008	AUDITED AS AT 30.6.2008
	RM'000	RM'000
Shares Capital	245,241	245,170
Share premium	121,640	121,435
Other Reserves	6,764	11,144
Retained profits	886,524	777,684
ICULS - Equity Component	372,242	372,242
Treasury shares, at cost	(82,831)	(82,057)
	-----	-----
Total Equity Attributable to Shareholders	1,549,580	1,445,618
Minority Interests	180,928	170,200
	-----	-----
TOTAL EQUITY	1,730,508	1,615,818
	-----	-----
LIABILITIES		
Other payables	33,960	20,695
Bank Borrowings	407,225	400,684
Hire purchase creditors	9,047	9,830
Deferred Taxation	7,474	-
ICULS- Liability Component	128,863	133,004
	-----	-----
Total Non-current Liabilities	586,569	564,213
	-----	-----
Trade payables	119,702	122,864
Other payables	166,440	149,389
Hire purchase creditors	4,193	2,377
Inter-Company Balances	38,846	46,090
Short term Borrowings	383,622	315,635
Provision for Taxation	18,933	5,374
	-----	-----
Total current Liabilities	731,736	641,729
	-----	-----
TOTAL LIABILITIES	1,318,305	1,205,942
	-----	-----
TOTAL EQUITY & LIABILITIES	3,048,813	2,821,760
	=====	=====
Net assets per 50 sen share (Sen)	317.32	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 SIX MONTHS ENDED	
	31.12.2008	31.12.2007
	RM'000	RM'000
Net cash (used in) operating activities	119,934	142,377
	=====	=====
Net cash (used in) investing activities	(27,187)	(95,060)
	=====	=====
Net cash generated from financing activities	56,603	(47,825)
	=====	=====
Net (decrease) / increase in cash and cash equivalents	149,350	(508)
Cash and cash equivalents at beginning of the year	382,586	425,013
	-----	-----
Cash and cash equivalent at end of the period (note a)	531,936	424,505
	=====	=====
Note (a)		
Cash and cash equivalent		
	31.12.2008	31.12.2007
	RM'000	RM'000
Cash and bank balances	90,234	48,772
Fixed Deposit	441,702	375,733
	-----	-----
Cash and cash equivalent at end of the period	531,936	424,505
	=====	=====

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 PERIOD ENDED 31 ECEMBER 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				(4,839)				(4,839)		(4,839)
Diff, representing net expenditure Recognised directly in Equity										
Net profit for the period					117,639			117,639	10,728	128,367
Total recognised income and exp dt. for the period	-	-	-	(4,839)	117,639	-	-	112,800	10,728	123,528
Irredeemable Convertible Unsecured Loan Stocks								-		-
Dividend paid					(8,799)			(8,799)		(8,799)
Treasury shares						(774)		(774)		(774)
Issue of Share Capital	71	205	-	-	-	-	-	276		276
Acquisition of Subsidiary									-	-
Share-based payment Under ESOS	-	-	-	459	-	-	-	459	-	459
As at 31 December 2008	245,241	121,640	-	6,764	886,524	(82,831)	372,242	1,549,580	180,928	1,730,508

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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 expdt. 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
As at 31 December 2007	245,169	121,434	-	111	607,681	(81,086)	372,243	1,265,552	160,982	1,426,534

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 year to date, the Company repurchased a total of 274,700 ordinary shares of its issued share capital from the open market value for a total consideration of RM774,663 at an average cost of RM2.82 per share. During the quarter ended 31 December 2008, a total of 264,700 shares were purchased from the open market value for a total consideration of RM740,818 at an average cost of RM2.80 per share. The shares are being held as treasury shares. As at 31 December 2008, the total shares bought back, all of which are held as treasury shares, amounted to 21,208,864 ordinary shares.
- (ii) For the current financial quarter and financial year to date, a total of 5,000 and 142,000 ordinary shares of 50sen each were issued at an exercise price of RM2.08 and RM1.95 respectively pursuant to the exercise of employees' share option scheme (ESOS).

A7. Dividend

Dividend amounting to RM 8,798,854 was paid on 26 December 2008 in respect of the final dividend of 5% less 25% tax declared for year ended 30 June 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.

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Notes: - continued

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 December 2008, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations except for the following:-

- (i) On 4 July 2008, YTL Cement (Hong Kong) Limited (“YTLC HK”), a wholly-owned subsidiary of the Company, acquired 1 ordinary share of par value US\$1.00 representing the entire issued and paid-up share capital of Industrial Resources Limited (“Industrial Resources”) for US\$1.00 in cash. As a result, Industrial Resources became a wholly-owned subsidiary of YTLC HK and an indirect subsidiary of the Company.

Industrial Resources was incorporated in the Cayman Islands on 4 July 2008 and has an authorised share capital of US\$50,000 comprising 50,000 shares of US\$1.00 each. Industrial Resources will be principally involved in investment holding and procurement.

- (ii) On 10 June 2008, Buildcon Concrete Enterprise Sdn Bhd (“BCE”), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement with Ensidesa Mix Sdn Bhd for the acquisition of 303,800 ordinary shares of RM1.00 each representing 49% of the issued & paid-up share capital of Buildcon-Ensidesa Sdn Bhd (“Buildcon-Ensidesa”) for a purchase consideration of RM411,420.28. The acquisition was completed on 10 July 2008 and Buildcon-Ensidesa became a wholly-owned subsidiary of BCE and an indirect subsidiary of the Company.

Buildcon-Ensidesa subsequently changed its name to Buildcon Desa Sdn Bhd on 25 September 2008.

- (iii) 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 USD1,000. 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 USD500,000 comprising 5,000 shares of USD100 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.

- (iv) 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.

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- (v) On 15 September 2008, BCE entered into a Share Sale Agreement with Seri Meraga Consolidated Sdn Bhd for the acquisition of 100,000 ordinary shares of RM1.00 each representing 50% of the issued & paid-up share capital of SMC Mix Sdn Bhd (“SMC Mix”), for a total cash consideration of RM332,199.28. SMC Mix became a wholly-owned subsidiary of BCE and an indirect subsidiary of the Company on 7 October 2008.

SMC Mix was incorporated on 10 September 1998 and presently has an authorised and issued paid-up share capital of RM500,000 and RM200,000 respectively. The principal activities of SMC Mix are manufacturing and sale of ready-mixed concrete.

- (vi) On 19 November 2008, Concrete Industries Pte Ltd (“Concrete Industries”) was incorporated 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.

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	418,659

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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 RM492.0 million and RM69.9 million respectively, representing an increase of 55.9% and 11.3% respectively when compared to the preceding year corresponding quarter ended 31 December 2007. The increase in revenue and profit before tax were substantially attributed to overseas operations and better selling prices.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2008 RM'000	Preceding Quarter 30.09.2008 RM'000
Revenue	491,976	458,950
Consolidated profit before taxation	69,907	101,814
Consolidated profit after taxation after minority interests	48,441	69,198

During the current financial quarter ended 31 December 2008, the Group recorded revenue of RM492.0 million, representing an increase of 7.2% from RM459.0 million recorded in the preceding quarter.

Despite the higher sales revenue, the Group's profit before taxation reduced from RM101.8 million in the preceding quarter to RM69.9 million. The reduction in profit before tax was substantially attributed to higher production cost.

B3. Prospects

With the current continuing global financial crisis and economic slowdown, the economic growth in Malaysia and countries that the Group is operating is likely to have a negative impact. The Group, however, is continuing to address these challenges to maintain 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 31.12.2008 RM'000	Current Year To Date 31.12.2008 RM'000
Tax charged for the period	13,700	24,870
Transferred to deferred taxation	4,313	18,485
	-----	-----
	<u>18,013</u>	<u>43,355</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:-

In relation to the proposed issue by the Company via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, of up to USD200 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”), the Company had on 19 September 2008 made an application to the Securities Commission (“SC”) for an extension of time up to 4 April 2009 to complete the Proposed Exchangeable Bonds Issue (“Extension of Time”). The SC had vide its letter dated 26 September 2008 approved the Extension of Time.

As all relevant approvals have been obtained, 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 period to date are as follows :

	Short term RM’000	Long term RM’000	Total RM’000
Secured	123,735	233,092	356,827
Unsecured	259,887	174,133	434,020
	-----	-----	-----
	383,622	407,225	790,847
	=====	=====	=====

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

In Singapore Dollar (‘000)	2,000
	=====
In US\$ (‘000)	50,000
	=====
In RMB (‘000)	30,000
	=====

B10. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised for the current financial quarter.

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B11. Material litigation

There was no material litigation pending as at the date of this report

B12. Dividend

The Board of Directors declared a second interim dividend of 7.5% single-tier exempt dividend for the current financial year ending 30 June 2009 and the book closure and payment dates in respect of the aforesaid dividend are 11 March 2009 and 26 March 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 31.12.2008	Preceding Year Corresponding Quarter 31.12.2007
Net profit /(loss) for the period (RM'000)	48,441 =====	43,840 =====
Weighted average number of ordinary shares ('000)	469,272	469,715
Assumed full conversion of ICULS	177,383 ----- 646,655 =====	177,383 ----- 647,098 =====
Basic earnings per 50 sen share (sen)		
o Before Mandatory conversion of ICULS	10.32 =====	9.33 =====
o After Mandatory conversion of ICULS	7.49 =====	6.77 =====

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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 31.12.2008	Corresponding Quarter 31.12.2007
Net profit /(loss) for the period (RM'000)	48,441 =====	43,840 =====
Weighted average number of ordinary shares('000)	646,655	647,098
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	1,088 ----- 647,743 =====	4,648 ----- 651,746 =====
Diluted earnings per 50 sen share (sen)	7.48 =====	6.73 =====

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 : 19 February 2009