

YTL CEMENT BERHAD

Company No. 31384-K
Incorporated in Malaysia

Interim Financial Report
30 September 2011

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial quarter ended 30 September 2011.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2011 RM'000	CORRESPONDING QUARTER 30.09.2010 RM'000	3 MONTHS ENDED 30.09.2011 30.09.2010 RM'000 RM'000	
REVENUE	544,687	462,997	544,687	462,997
COST OF SALES	(349,668)	(277,450)	(349,668)	(277,450)
GROSS PROFIT	195,019	185,547	195,019	185,547
OTHER OPERATING EXPENSE	(89,855)	(77,286)	(89,855)	(77,286)
OTHER OPERATING INCOME	8,690	8,394	8,690	8,394
PROFIT FROM OPERATION	113,854	116,655	113,854	116,655
FINANCE COSTS	(10,791)	(9,062)	(10,791)	(9,062)
SHARE OF PROFIT OF ASSOCIATED COMPANIES	302	43	302	43
PROFIT BEFORE TAXATION	103,365	107,636	103,365	107,636
TAXATION	(17,167)	(12,362)	(17,167)	(12,362)
DEFERRED TAXATION	(10,259)	(15,297)	(10,259)	(15,297)
PROFIT FOR THE PERIOD	75,939	79,977	75,939	79,977
PROFIT ATTRIBUTABLE TO :				
Owners of the Parent	75,798	72,621	75,798	72,621
Non-Controlling Interests	141	7,356	141	7,356
PROFIT FOR THE PERIOD	75,939	79,977	75,939	79,977
EARNINGS PER SHARE				
Basic (Sen)				
• Before Mandatory Conversion of ICULS	16.05	15.42	16.08	15.42
• After Mandatory Conversion of ICULS	10.72	10.28	10.73	10.28
Diluted (Sen)	10.67	10.24	10.69	10.24

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 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 COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2011 RM'000	CORRESPONDING QUARTER 30.09.2010 RM'000	3 MONTHS ENDED	
			30.09.2011 RM'000	30.09.2010 RM'000
PROFIT FOR THE PERIOD	75,939	79,977	75,939	79,977
OTHER COMPREHENSIVE INCOME/(LOSS):				
Currency translation differences	15,203	97	15,203	97
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	91,142	80,074	91,142	80,074
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :				
Owners of the Parent	91,001	72,718	91,001	72,718
Non-Controlling Interests	141	7,356	141	7,356
	91,142	80,074	91,142	80,074

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 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 FINANCIAL POSITION

	UNAUDITED AS AT 30.09.2011 RM'000	AUDITED AS AT 30.06.2011 RM'000
ASSETS		
Non-current Asset		
Property, plant & equipment	1,773,399	1,764,050
Investment properties	11,000	11,000
Investment in associated companies	5,586	5,284
Development expenditure	5,080	5,065
Goodwill on consolidation	142,995	142,995
	-----	-----
	1,938,060	1,928,394
	-----	-----
Current Assets		
Inventories	208,695	208,519
Trade & other receivables	339,223	349,154
Tax recoverable	9,934	10,254
Inter-company balances	12,816	12,232
Deposits, bank & cash balances	1,374,352	1,294,626
	-----	-----
	1,945,020	1,874,785
	-----	-----
TOTAL ASSETS	3,883,080	3,803,179
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

	UNAUDITED AS AT 30.09.2011 RM'000	AUDITED AS AT 30.06.2011 RM'000
EQUITY		
Shares capital	247,204	246,490
Share premium	128,339	125,804
Other reserves	32,412	17,209
Retained profits	1,558,921	1,483,123
ICULS - equity component	369,470	369,470
Treasury shares, at cost	(83,766)	(83,766)
	-----	-----
Total Equity Attributable to Owners of the Parent	2,252,580	2,158,330
Non-Controlling Interests	6,234	6,093
	-----	-----
TOTAL EQUITY	2,258,814	2,164,423
	-----	-----
LIABILITIES		
Other payables	27,259	25,422
Bank borrowings	292,335	292,335
Hire purchase creditors	2,267	3,274
Deferred taxation	192,410	182,152
ICULS - liability component	92,136	96,031
	-----	-----
Total Non-current Liabilities	606,407	599,214
	-----	-----
Trade payables	413,324	421,305
Hire purchase creditors	5,261	5,331
Inter-company balances	4,916	7,277
Short term borrowings	573,894	559,589
Provision for taxation	20,464	28,357
Proposed dividend	-	17,683
	-----	-----
Total Current Liabilities	1,017,859	1,039,542
	-----	-----
TOTAL LIABILITIES	1,624,266	1,638,756
	-----	-----
TOTAL EQUITY & LIABILITIES	3,883,080	3,803,179
	=====	=====
Net assets per 50 sen share (RM)	4.76	4.58
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 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 30 SEPTEMBER 2011

	← Attributable to Owners of the Parent →						Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profit RM'000	Treasury Shares RM'000	ICULS Equity RM'000			
As at 1 July 2011									
-as previous reported	246,490	125,804	17,209	1,483,123	(83,766)	369,470	2,158,330	6,093	2,164,423
Profit for the period	-	-	-	75,798	-	-	75,798	141	75,939
Other comprehensive income	-	-	15,203	-	-	-	15,203	-	15,203
Total comprehensive income for the period	-	-	15,203	75,798	-	-	91,001	141	91,142
Irredeemable Convertible Unsecured Loan Stocks	-	-	-	-	-	-	-	-	-
Dividend paid/declared	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	*	-	*	-	*
Issue of Share Capital	714	2,535	-	-	-	-	3,249	-	3,249
Share-based payment under ESOS	-	-	-	-	-	-	-	-	-
As at 30 September 2011	247,204	128,339	32,412	1,558,921	(83,766)	369,470	2,252,580	6,234	2,258,814

* Less than RM1,000

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 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 30 SEPTEMBER 2010

	← Attributable to Owners of the Parent →					ICULS Equity RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profit RM'000	Treasury Shares RM'000				
As at 1 July 2010									
-as previous reported	246,078	124,304	(2,440)	1,158,763	(83,403)	370,295	1,813,597	239,735	2,053,332
Profit for the period	-	-	-	72,621	-	-	72,621	7,356	79,977
Other comprehensive income	-	-	97	-	-	-	97	-	97
Total comprehensive income for the period	-	-	97	72,621	-	-	72,718	7,356	80,074
Irredeemable Convertible Unsecured Loan Stocks	-	-	-	-	-	(100)	(100)	-	(100)
Dividend paid/declared	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	(120)	-	(120)	-	(120)
Issue of Share Capital	56	176	-	-	-	-	232	-	232
Share-based payment under ESOS	-	-	222	-	-	-	222	-	222
As at 30 September 2010	246,134	124,480	(2,121)	1,231,384	(83,523)	370,195	1,886,549	247,091	2,133,640

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE THREE MONTHS ENDED	
	30.09.2011	30.09.2010
	RM'000	RM'000
Net cash generated from operating activities	118,444	92,443
	=====	=====
Net cash used in investing activities	(37,512)	(4,376)
	=====	=====
Net cash generated from/ (used in) financing activities	(1,206)	36,541
	=====	=====
Net changes in cash and cash equivalents	79,726	124,608
Cash and cash equivalents at beginning of the financial period	1,294,626	921,977
	-----	-----
Cash and cash equivalents at end of the financial period (note a)	1,374,352	1,046,585
	=====	=====

Note (a)

Cash and cash equivalents comprise:

	RM'000	RM'000
Fixed deposits	1,290,288	1,009,900
Cash and bank balances	84,064	36,685
	-----	-----
	1,374,352	1,046,585
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements

INTERIM FINANCIAL REPORT

Disclosure requirements pursuant to FRS 134 – paragraph 16A

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2011.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ('FRS') 134 Interim Financial Reporting and Chapter 9, Part K paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ('Bursa Securities').

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2011.

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the latest audited annual financial statements except for the adoption of new and revised FRSs, amendments to FRSs and Interpretation Committee ('IC') Interpretations which were effective for financial period beginning 1 July 2011.

The adoption of the new and revised FRSs, amendments to FRSs and IC Interpretations do not have significant financial impact on the Group.

A2. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factor.

A3. 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.

A4. Changes in Estimates of Amounts Reported

There was no significant change to estimate of amount reported in prior interim periods or prior financial years.

INTERIM FINANCIAL REPORT

Notes: - continued

A5. 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, 1,429,000 ordinary shares of RM0.50 each was issued pursuant to the exercise of employee's share options granted under the Company's Employees Share Option Scheme at a weighted average exercise price of RM2.27 per share.
- (ii) During the current financial year to date, the Company repurchased a total of 100 ordinary shares of its issued share capital from the open market for a total consideration including transaction costs of RM4.99 at an average cost of RM4.99 per share. The shares are being held as treasury shares. As at 30 September 2011, the total shares bought back, all of which are held as treasury shares, amounted to 21,425,764 ordinary shares.

A6. Dividend

A third interim single tier dividend of 7.5% or 3.75 sen per ordinary share of RM0.50 each amounting to RM17,683,278 in respect of the financial year ended 30 June 2011 was paid on 15 July 2011.

A7. Segment Information

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

A8. Events after 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.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter ended 30 September 2011, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following:-

On 18 July 2011, YTL Cement Singapore Pte Ltd, a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary known as YTL Cement Terminal Services Pte Ltd ("YTL Cement Terminal Services") in Singapore.

The issued and paid-up share capital of YTL Cement Terminal Services is S\$1.00 comprising 1 ordinary share. YTL Cement Terminal Services will be principally involved in the operation of port terminal and specialize in handling of cementitious products.

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Notes: - continued

A10. Changes in Contingent Liabilities

There were no material changes in the contingent liabilities of the Group since the last financial year ended 30 June 2011.

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INTERIM FINANCIAL REPORT

Disclosure requirements per Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities

B1. Review of Performance

During the current financial quarter ended 30 September 2011, the Group recorded a revenue of RM544.7 million, representing an increase of 17.64% as compared to RM463.0 million recorded in the preceding year corresponding quarter ended 30 September 2010.

Despite the increase in revenue, the Group recorded profit before taxation of RM103.4 million representing decrease of 3.97% as compared to RM107.6 million recorded in the preceding year corresponding quarter ended 30 September 2010. The reduction in profit before tax was substantially attributed to higher production cost and increase of electricity tariff in the financial quarter under review.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2011 RM'000	Preceding Quarter 30.06.2011 RM'000
Revenue	544,687	635,043
Consolidated profit before taxation	103,365	126,722
Consolidated profit after taxation after non-controlling interests	75,798	80,102

During the current financial quarter ended 30 September 2011, the Group recorded a revenue of RM544.7 million, representing an decrease of 14.22% from RM635.0 million recorded in the preceding quarter.

In tandem with the decrease in revenue, the Group profit before taxation for the current financial quarter decreased from RM126.7 million recorded in the preceding quarter to RM103.4 million.

The reduction in profit before tax was substantially attributed to lower demand for cement and competitive pricing in the cement industry for the financial quarter under review.

B3. Prospects

The Group, after considering the Group's current level of operations and current market conditions, is expected to achieve satisfactory performance for the financial year ending 30 June 2012.

INTERIM FINANCIAL REPORT

Notes: - continued

B4. Profit Forecast

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

B5. Taxation

Tax comprises the following: -

	Current Year Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2011 RM'000
Tax charged for the financial period	17,167	17,167
Transferred to deferred taxation	10,259	10,259
	-----	-----
	27,426	27,426
	=====	=====

The provision for taxation for the current quarter and current year to date reflects an effective rate which approximates to the Statutory Income Tax Rates of the countries where the Group operates.

B6. Sales of Unquoted Investments and /or Properties

There was no sale of unquoted investments or properties during the current financial quarter.

B7. Quoted Investments

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

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INTERIM FINANCIAL REPORT

Notes: - continued

B8. Corporate Proposals

There are no corporate proposals 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 30 September 2011 are as follows :

	Short term RM'000	Long term RM'000	Total RM'000
Secured	133,344	277,335	410,679
Unsecured	440,550	15,000	455,550
	-----	-----	-----
	573,894	292,335	866,229
	=====	=====	=====

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

In US Dollar ('000)	50,000
	=====

B10. Derivatives Financial Instruments

No derivatives financial instruments were utilised for the current financial quarter.

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INTERIM FINANCIAL REPORT

Notes: - continued

B11. Material litigation

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

B12. Dividend

The Board of Directors is pleased to declare an interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each for the financial year ending 30 June 2012.

The book closure and payment dates in respect of the aforesaid dividend are 28 December 2011 and 13 January 2012, respectively.

B13. Retained Earnings

	As at 30.09.2011 RM'000	As at 30.06.2011 RM'000
Retained earnings/ (accumulated losses) of YTL Cement and its subsidiaries		
- Realised	1,885,290	1,805,179
- Unrealised	(192,410)	(182,152)
	-----	-----
	1,692,880	1,623,027
Retained earnings/ (accumulated losses) from associated companies:		
- Realised	1,786	1,484
	-----	-----
	1,694,666	1,624,511
Less: Consolidation adjustments	(135,745)	(141,388)
	-----	-----
Total Group retained earnings as per consolidated accounts	1,558,921	1,483,123
	=====	=====

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Notes: - continued

B14. Earnings Per Share

i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the profit attributable to Owners of the Parent for the financial quarter by the weighted average number of ordinary share in issue during the financial quarter, assuming full conversion of 479,019,780 nominal value 100% of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 ('ICULS').

	Current Quarter 30.09.2011	Preceding Year Corresponding Quarter 30.09.2010
Profit attributable to Owners of the Parent (RM'000)	75,798 =====	72,621 =====
Weighted average number of ordinary shares ('000)	472,301	470,990
Assumed full conversion of ICULS	234,814 ----- 707,115 =====	235,245 ----- 706,235 =====
Basic earnings per 50 sen share (sen)		
o Before Mandatory conversion of ICULS	16.05 =====	15.42 =====
o After Mandatory conversion of ICULS	10.72 =====	10.28 =====

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INTERIM FINANCIAL REPORT

Notes: - continued

ii) Diluted earnings per share

The diluted earnings per share of the Group has been computed by dividing the profit attributable to Owners of the Parent for the financial quarter by the adjusted weighted average number of ordinary share, assuming fully exercise of ESOS during the financial quarter.

	Current Quarter 30.09.2011	Preceding Year Corresponding Quarter 30.09.2010
Profit attributable to Owners of the Parent (RM'000)	75,798 =====	72,621 =====
Weighted average number of ordinary shares('000)	707,115	706,235
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	2,973 ----- 710,088 =====	3,299 ----- 709,534 =====
Diluted earnings per 50 sen share (sen)	10.67 =====	10.24 =====

B15. Audit Report of the preceding financial year ended 30 June 2011

The Auditors' Report on the financial statements of the financial year ended 30 June 2011 did not contain any qualification.

By Order of the Board

HO SAY KENG
Secretary

Kuala Lumpur
Dated : 17 November 2011