

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 2006

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2006	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2005	3 MONTHS ENDED	
				30.09.2006
	RM'000	RM'000	RM'000	RM'000
REVENUE	283,901	261,236	283,901	261,236
COST OF SALES	(215,662)	(198,286)	(215,662)	(198,286)
GROSS PROFIT	68,239	62,950	68,239	62,950
OTHER OPERATING EXPENSE	(6,302)	(5,375)	(6,302)	(5,375)
OTHER OPERATING INCOME	4,414	2,438	4,414	2,438
PROFIT FROM OPERATION	66,351	60,013	66,351	60,013
FINANCE COSTS	(14,063)	(15,235)	(14,063)	(15,235)
SHARE OF PROFIT OF ASSOCIATED COMPANY	408	348	408	348
PROFIT BEFORE TAXATION	52,696	45,126	52,696	45,126
TAXATION	(6,848)	(2,892)	(6,848)	(2,892)
DEFERRED TAXATION	(6,519)	178	(6,519)	178
PROFIT FOR THE PERIOD	39,329	42,412	39,329	42,412
ATTRIBUTABLE TO :				
SHAREHOLDERS OF THE COMPANY	37,759	40,066	37,759	40,066
MINORITY INTEREST	1,570	2,346	1,570	2,346
NET PROFIT FOR THE PERIOD	39,329	42,412	39,329	42,412
EARNINGS PER SHARE				
Basic (Sen)	7.79	8.29	7.79	8.29
Diluted (Sen)	7.78	8.26	7.78	8.27

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2006

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CONDENSED CONSOLIDATED BALANCE SHEETS

	AS AT 30.09.2006 RM'000	AS AT 30.6.2006 RM'000 (Restated)
ASSETS		
Non-current Asset		
Property, Plant & Equipment	1,732,961	1,754,215
Investment properties	12,568	12,617
Investment in associated companies	25,026	24,272
Development Expenditure	34,782	34,782
Goodwill on Consolidation	9,090	9,090
	-----	-----
	1,814,427	1,834,976
	-----	-----
Current Assets		
Inventories	115,521	112,768
Trade receivables	162,416	160,114
Tax recoverable	3,299	4,574
Other receivables	25,986	22,006
Inter-company Balances	2,600	2,617
Deposits, Bank & Cash Balances	406,565	342,153
	-----	-----
	716,387	644,232
	-----	-----
TOTAL ASSETS	2,530,814	2,479,208
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	AS AT 30.09.2006 RM'000	AS AT 30.6.2006 RM'000 (Restated)
Shares Capital	244,881	244,869
Share premium	120,851	120,834
Capital Reserve	292	-
Retained profits	455,229	417,470
Translation reserve	737	388
ICULS - Equity Component	372,455	372,455
Treasury shares, at cost	(10,725)	(10,702)
Total Equity Attributable to Shareholders	1,183,720	1,145,314
Minority Interests	136,461	134,891
TOTAL EQUITY	1,320,181	1,280,205
LIABILITIES		
Bank Borrowings	483,915	483,915
Post employee defined benefit obligation	2,451	2,599
Hire purchase creditors	296	471
Deferred taxation	28,079	21,560
ICULS- Liability Component	146,969	148,747
Total Non-current Liabilities	661,710	657,292
Trade payables	81,042	71,848
Other payables	119,484	111,939
Hire purchase creditors	898	1,035
Inter-Company Balances	14,800	20,332
Short term Borrowings	328,388	335,156
Taxation	4,311	1,401
Total current Liabilities	548,923	541,711
TOTAL LIABILITIES	1,210,633	1,199,003
TOTAL EQUITY & LIABILITIES	2,530,814	2,479,208
Net assets per 50 sen share (Sen)	242.5	234.5

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30th June 2006

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	AS AT 30.09.2006 RM'000	AS AT 30.09.2005 RM'000
Net cash (used in) operating activities	72,877 =====	(27,373) =====
Net cash (used in) investing activities	(1,391) =====	(21,787) =====
Net cash generated from financing activities	(7,074) =====	10,370 =====
Net (decrease) / increase in cash and cash equivalents	64,412	(38,790)
Cash and cash equivalents at beginning of the year	342,153 -----	290,949 -----
Cash and cash equivalent at end of the period (note a)	406,565 =====	252,159 =====
Note (a)		
Cash and cash equivalent		
	30.09.2006 RM'000	30.09.2005 RM'000
Cash and bank balances	30,700	3,381
Fixed Deposit	375,865 -----	248,778 -----
Cash and cash equivalent at end of the period	406,565 =====	252,159 =====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2006

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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 exp Recognised directly in Equity											
Net profit for the period					349	37,759			38,108	1,570	39,678
Total recognised income and exp for the period					349	37,759			38,108	1,570	39,678
Irredeemable Convertible Unsecured Loan Stock Dividend paid Treasury shares Issue of Share Capital Share-based [payment Under ESOS	12	17	-	-	-	-	(23)	-	(23)	-	(23)
	-	-	-	292	-	-	-	-	292	-	292
	244,881	120,851	-	292	737	455,229	(10,725)	372,455	1,183,720	136,461	1,320,181

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2005

	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 2005											
-as previous reported	243,437	118,550	24,868	-	5	320,992	(7,022)	0	700,830	116,761	817,591
-prior year adjustment	-	-	0	-	-	(40,539)	-	-	(40,539)	0	(40,539)
	243,437	118,550	24,868	0	5	280,453	(7,022)	-	660,291	116,761	777,052
Currency translation Diff, representing net exp Recognised directly in Equity											
Net profit for the period					2	40,066			40,068	2,346	42,414
Total recognised income and exp for the period					2	40,066			40,068	2,346	42,414
Irredeemable Convertible Unsecured Loan Stock Dividend paid											
Treasury shares							(105)		(105)		(105)
Issue of Share Capital	58	82	-	-	-	-	-	-	140		140
Share-based [payment Under ESOS	-	-	-	-	-	-	-	-	-	-	-
	243,495	118,632	24,868	-	7	320,519	(7,127)	-	700,394	119,107	819,501

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30th June 2006

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Disclosure requirements per FRS 134 (formerly known as MASB 26) – paragraph 16

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 2006.

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 2006 except for the adoption of the following new/revised Financial Reporting Standards (FRS) effective for financial period beginning 1 July 2006 as disclosed below:-

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

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

a) FRS 2: Share-based Payment

This FRS requires the entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity or entity’s parent or another entity in the Group as the entity.

The Company operates an equity settled, share-based compensation plan for the eligible employees of the group, the YTL Cement Berhad employees’ share option scheme (“ESOS”)

INTERIM FINANCIAL REPORT

Notes: - continued

A1. Accounting Policies and methods of computation - continued

Prior to 1st July 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting period of the grants with a corresponding increase in equity.

For the current period under review, the application of FRS 2 has resulted in a charge of approximately RM291,981 to the profit/loss of the Group arising from the ESOS granted to employees of the Group.

b) FRS 3: Business Combinations

The adoption of the revised FRS 3 will result in any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill arising from acquisition"), after reassessment, being recognised immediately in profit/loss.

In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 July 2006 of RM33,958,168 arising from acquisition which was previously set off against goodwill or recognised as reserves on consolidation by the Group, has been derecognised with a corresponding increase in retained earnings

c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures in the consolidated income statement.

In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, the total income and expenses for the

period, showing separately the amounts attributable to the equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

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Notes: - continued

A1. Accounting Policies and methods of computation - continued

d) FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit/loss in the period in which they arise. Prior to 1 July 2006, investment properties were stated at cost less allowance for any diminution in value other than temporary. Investment properties are not subject to depreciation.

(ii) The summary of the financial effects of changes in accounting policies resulting as a result of the adoption of the new/revised FRSs to the previous period/year's comparatives are as follows:-

a) Condensed Consolidated Balance Sheet as at 30 June 2006

	As previously Stated	Adjustment		As restated
		FRS3	FRS140	
Property, Plant & Equipment	1,766,832		(12,617)	1,754,215
Investment properties			12,617	12,617
Reserve on Consolidation	24,868	(24,868)		-
Retained Earnings	<u>383,512</u>	<u>33,958</u>		<u>417,470</u>
Net assets per 50 sen share	<u>2.345</u>			<u>2.345</u>

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Notes: - continued

A2. Audit Report of preceding financial year ended 30 June 2006

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 to date, the Company repurchased a total of 9,400 ordinary shares of its issued share capital from the open market value for a total consideration of RM23,089 at an average cost of RM2.45 per share.
- (ii) For the current financial quarter and financial year to date, a total of 24,000 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 30th September 2006.

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. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

A10. Material Events Subsequent to the end of the interim period

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

A11. 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.

A12. 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 2006.

The Company has given corporate guarantees amounting to RM303 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	303,000	211,378

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Disclosure requirement per KLSE listing requirements Part A of Appendix 9B

B1. Review of Performance

The Group recorded a revenue and profit before taxation for the current financial quarter of RM283.9 million and RM52.7 million respectively, representing an increase of 8.7% and 16.8% respectively when compared to the previous corresponding quarter ended 30 September 2005. The increases in revenue and profit before tax were substantially attributed to cement price stability

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2006 RM'000	Preceding Quarter 30.06.2006 RM'000
Revenue	283,901	290,246
Consolidated profit before taxation	52,696	40,827
Consolidated profit after taxation after minority interests	37,759	34,679

During the current financial quarter ended 30 September 2006, the Group recorded a revenue of RM283.9 million, representing an reduction of 2.2% from RM290.2 million in the preceding quarter.

Despite the lower sales revenue, the Group's profit before taxation were increased from RM40.8 million in the preceding quarter to RM52.7 million. The increased in profit before tax were substantially attributed to lower cost of production for the period under review.

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 2007.

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 30.09.2006 RM'000	Current Year To Date 30.09.2006 RM'000
Tax charged for the period	6,848	6,848
Transferred to deferred taxation	6,519	6,519
	-----	-----
	13,367	13,367
	=====	=====

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate lower than the Statutory Income Tax Rate due primarily to the availability of investment tax allowances, reinvestment allowances and tax losses brought forward for some of its subsidiaries subsidiaries of approximately RM 1,717 million.

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

There is no corporate proposal announced and pending as at the date of this report.

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Notes: - continued

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	114,645	483,915	598,560
Unsecured	213,743	-	213,743
	----- 328,388	----- 483,915	----- 812,303
	=====	=====	=====

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.

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.

	Current Quarter	Preceding Year Corresponding Quarter
	30.09.2006	30.09.2005
Net profit /(loss) for the period (RM'000)	37,759	40,066
Weighted average number of ordinary shares ('000)	484,472	483,258
Basic earnings per 50 sen share (sen)	7.79	8.29
	=====	=====

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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 full conversion of the warrants in issue during the financial quarter.

	Preceding Year	
	Current Quarter 30.09.2006	Corresponding Quarter 30.09.2005
Net profit /(loss) for the period (RM'000)	37,759 <u> </u>	40,066 <u> </u>
Weighted average number of ordinary shares('000)	484,472	483,258
-ordinary shares deemed issued for no consideration on assumed exercise of ESOS('000)	1.053 -----	1,571 -----
Adjusted weighted average of ordinary shares ('000)	485,525 <u> </u>	484,829 <u> </u>
Diluted earnings per 50 sen share (sen)	7.78 <u> </u>	8.26 <u> </u>

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated : 23 November 2006