

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Restated Preceding Year Corresponding Quarter	Current Year - To -Date	Restated Preceding Year Corresponding Period
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Revenue	556,231	540,023	556,231	540,023
Cost of sales	(463,200)	(445,220)	(463,200)	(445,220)
Gross profit	93,031	94,803	93,031	94,803
Operating expenses	(54,858)	(43,723)	(54,858)	(43,723)
Other operating income	10,518	6,649	10,518	6,649
Operating profit	48,691	57,729	48,691	57,729
Interest income	619	654	619	654
Finance costs	(12,569)	(8,399)	(12,569)	(8,399)
Share of profit in associated companies	7,904	8,772	7,904	8,772
Profit before taxation	44,645	58,756	44,645	58,756
Taxation	(11,418)	(15,038)	(11,418)	(15,038)
Profit for the period	33,227	43,718	33,227	43,718
Profit attributable to:				
Owners of the Company	20,552	33,136	20,552	33,136
Non-controlling interests	12,675	10,582	12,675	10,582
Profit for the period	33,227	43,718	33,227	43,718
Earnings per ordinary share (sen) :-				
(a) Basic	6.67	10.75	6.67	10.75
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

HONG LEONG INDUSTRIES BERHAD (5486-P)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Restated Preceding Year Corresponding Quarter	Current Year - To-Date	Restated Preceding Year Corresponding Period
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Profit for the period	33,227	43,718	33,227	43,718
Foreign currency translation differences for foreign operations	(16,856)	29,228	(16,856)	29,228
Fair value gain/(loss) on available-for-sale financial assets	1,546	(11,309)	1,546	(11,309)
Total comprehensive income for the period	17,917	61,637	17,917	61,637
Total comprehensive income attributable to:				
Owners of the Company	5,119	51,097	5,119	51,097
Non-controlling interests	12,798	10,540	12,798	10,540
Total comprehensive income for the period	17,917	61,637	17,917	61,637

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	As At End of Current Quarter 30/09/2012 RM'000	Restated As At End of Preceding Financial Year 30/06/2012 RM'000	As At Beginning of Preceding Financial Year 01/07/2011 RM'000
ASSETS			
Property, plant and equipment	407,070	404,469	449,930
Investment properties	2,231	2,231	17,231
Investments in associated companies	293,830	291,665	273,600
Available-for-sale financial assets	741,551	471,109	172,993
Intangible assets	13,842	14,347	12,179
Deferred tax assets	8,705	8,609	8,960
TOTAL NON-CURRENT ASSETS	1,467,229	1,192,430	934,893
Inventories	224,327	220,747	196,082
Trade and other receivables	416,035	446,595	403,108
Current tax assets	11,078	14,417	21,433
Assets held for sale	38,513	48,030	-
Derivative financial assets	6	439	228
Cash and cash equivalents	274,260	215,617	376,155
TOTAL CURRENT ASSETS	964,219	945,845	997,006
TOTAL ASSETS	2,431,448	2,138,275	1,931,899
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	163,953	163,953	163,953
Reserves	986,912	981,793	894,646
Treasury shares - at cost	(63,318)	(63,318)	(63,318)
	1,087,547	1,082,428	995,281
NON-CONTROLLING INTERESTS	115,565	102,767	114,157
TOTAL EQUITY	1,203,112	1,185,195	1,109,438
LIABILITIES			
Borrowings (unsecured)	682,163	418,663	120,000
Deferred tax liabilities	10,401	10,414	13,253
Retirement benefits	18,085	17,809	15,779
TOTAL NON-CURRENT LIABILITIES	710,649	446,886	149,032
Trade and other payables	351,032	346,041	314,025
Borrowings (unsecured)	148,303	144,731	344,846
Derivative financial liabilities	2,301	2,285	-
Tax payable	16,051	13,137	14,558
TOTAL CURRENT LIABILITIES	517,687	506,194	673,429
TOTAL LIABILITIES	1,228,336	953,080	822,461
TOTAL EQUITY AND LIABILITIES	2,431,448	2,138,275	1,931,899
Net assets per share attributable to owners of the Company (RM)	3.53	3.51	3.23

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

**HONG LEONG INDUSTRIES BERHAD (5486-F)
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Attributable to owners of the Company						Total equity		
	Share capital	Share premium	Exchange equalisation reserve	Other reserves	Reserve for own shares	Treasury shares		Retained earnings	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Preceding year corresponding period ended 30 September 2011	163,953	387,096	(104,343)	18,411	(41,459)	(63,318)	737,405	114,157	1,097,745
At 1 July 2011 – previously reported	163,953	387,096	(104,343)	18,411	(41,459)	(63,318)	737,405	114,157	1,097,745
Effect of MFRS 1 adoption	-	-	104,343	-	-	-	(206,807)	-	(102,464)
At 1 July 2011 – restated	163,953	387,096	-	18,411	(41,459)	(63,318)	530,598	114,157	995,281
Profit for the period	-	-	-	-	-	-	33,136	10,582	33,136
Other comprehensive income	-	-	29,270	-	-	-	-	(42)	29,270
- Foreign currency translation differences	-	-	29,270	-	-	-	-	(42)	29,270
- Gain on fair value adjustments	-	-	-	(11,309)	-	-	-	-	(11,309)
Total comprehensive income for the period	-	-	29,270	(11,309)	-	-	33,136	10,540	51,097
Share issue expenses	-	(58)	-	-	-	-	-	-	(58)
Total distribution to owners	-	(58)	-	-	-	-	-	-	(58)
At 30 September 2011 – restated	163,953	387,038	29,270	7,102	(41,459)	(63,318)	563,734	124,697	1,046,320
At 30 September 2011 – restated	163,953	387,038	29,270	7,102	(41,459)	(63,318)	563,734	124,697	1,046,320
At 30 September 2011 – restated	163,953	387,038	29,270	7,102	(41,459)	(63,318)	563,734	124,697	1,171,017

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012

HONG LEONG INDUSTRIES BERHAD (5486-P)
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30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 2012

	Current Year- To-Date 30/09/2012 RM'000	Restated Preceding Year Corresponding Period 30/09/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	44,645	58,756
Adjustments for:-		
Share of profit of associated companies	(7,904)	(8,772)
Depreciation and amortisation	12,415	13,367
Non cash items	(9,601)	(7,584)
Net financing costs	11,950	7,745
Operating profit before changes in working capital	51,505	63,512
Changes in working capital		
Net change in current assets	28,885	8,801
Net change in current liabilities	(4,574)	12,398
Taxation paid	(5,274)	(11,317)
Net financing costs paid	(11,950)	(7,745)
Dividend received	2,533	2,607
Retirement benefits paid	(179)	(115)
Net cash generated from operating activities	60,946	68,141
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(17,037)	(5,613)
Proceeds from disposal of property, plant & equipment	2,060	11,987
Proceed from disposal of asset held for sale	16,946	-
Acquisition of available-for-sale financial assets	(270,000)	(281,151)
Net cash used in investing activities	(268,031)	(274,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	306,387	321,916
Repayment of borrowings	(39,243)	(179,298)
Shares issue expenses	-	(58)
Net cash generated from financing activities	267,144	142,560
NET CHANGE IN CASH AND CASH EQUIVALENTS	60,059	(64,076)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	215,617	376,155
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,416)	380
CASH & CASH EQUIVALENTS AT END OF PERIOD	274,260	312,459

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	30/09/2012 RM'000	30/09/2011 RM'000
Deposits, cash and bank balances	274,260	312,492
Bank overdraft	-	(33)
	274,260	312,459

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2012

The figures have not been audited

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2012. This interim financial report also complies with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The Group’s interim financial report for the 1st quarter ended 30 September 2012 is the first set of interim financial report prepared in accordance to MFRS 1 “First-time adoption of Malaysian Financial Reporting Standards”, and the date of transition is 1 July 2011.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2012 except for the following transitional exemptions arising from the adoption of MFRS:

a) Foreign currency translation reserve

Foreign currency differences were previously recognised in other comprehensive income and accumulated in the foreign currency translation reserve (“FCTR”). As at the date of transition to MFRS 1, the cumulative amounts in the FCTR were reclassified to the retained earnings of the Group.

b) Property, plant and equipment

As at the date of transition to MFRS 1, certain property, plant & equipment previously stated at cost were fair valued and their fair values were regarded as deemed cost. The relevant differences were recognised to the retained earnings.

c) Investment properties

Investment properties were previously accounted for using fair value model where investment properties were initially measured at cost and subsequently at fair value with any change therein recognised in the profit or loss for the period in which they arose. The Group has elected to measure its investment properties using the cost model. As at the date of transition to MFRS 1, the fair value of the investment properties were regarded as deemed cost. However, this change in policy has not resulted in any financial impact on the interim financial report of the Group.

**HONG LEONG INDUSTRIES BERHAD (5486-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012**

The figures have not been audited

1. **Basis of preparation (cont'd)**

The reconciliation of the financial statements for the comparative periods and at the date of transition to MFRS are as follows:

Condensed Consolidated Statements of Financial Position

Reconciliation of the affected financial caption reported as at 1 July 2011

	As previously reported at 01/07/2011		Effect of adoption of MFRS			As restated at 01/07/2011	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reserves	997,110	(101,385)	-	(1,079)	-	894,646	
Property, plant and equipment	451,009	-	-	(1,079)	-	449,930	
Investments in associated companies	374,985	(101,385)	-	-	-	273,600	

Reconciliation of the affected financial caption reported as at 30 June 2012

	As previously reported at 30/06/2012		Effect of adoption of MFRS			As restated at 30/06/2012	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reserves	1,081,135	(98,297)	-	(1,045)	-	981,793	
Property, plant and equipment	405,514	-	-	(1,045)	-	404,469	
Investments in associated companies	389,962	(98,297)	-	-	-	291,665	

**HONG LEONG INDUSTRIES BERHAD (5486-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012**

The figures have not been audited

1. **Basis of preparation (cont'd)**

The reconciliation of the financial statements for the comparative periods and at the date of transition to MFRS are as follows: (cont'd)

Condensed Consolidated Statements of Comprehensive Income

Reconciliation of the affected financial caption reported for the 3 months ended 30 September 2011

	As previously reported at 30/09/2011 RM'000	Effect of adoption of MFRS			As restated at 30/09/2011 RM'000
		RM'000 Note 1(a)	RM'000 Note 1(b)	RM'000 Note 1(c)	
Operating expenses	(43,731)	-	8	-	(43,723)
Operating profit	57,721	-	8	-	57,729
Share of profit in associated companies	8,000	772	-	-	8,772
Profit before taxation	57,976	772	8	-	58,756
Profit for the period	42,938	772	8	-	43,718

Reconciliation of the affected financial caption reported for the financial year ended 30 June 2012

	As previously reported at 30/06/2012 RM'000	Effect of adoption of MFRS			As restated at 30/06/2012 RM'000
		RM'000 Note 1(a)	RM'000 Note 1(b)	RM'000 Note 1(c)	
Operating expenses	(211,466)	-	34	-	(211,432)
Operating profit	214,485	-	34	-	214,519
Share of profit in associated companies	32,448	3,088	-	-	35,536
Profit before taxation	212,905	3,088	34	-	216,027
Profit for the period	167,224	3,088	34	-	170,346

**HONG LEONG INDUSTRIES BERHAD (5486-P)
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The figures have not been audited

1. **Basis of preparation (cont'd)**

The reconciliation of the financial statements for the comparative periods and at the date of transition to MFRS are as follows: (cont'd)

Condensed Consolidated Statements of Changes in Equity

Reconciliation of the affected financial caption reported as at 1 July 2011

	As previously reported at 01/07/2011 RM'000	Effect of adoption of MFRS RM'000 Note 1(a)	Effect of adoption of MFRS RM'000 Note 1(b)	As restated at 01/07/2011 RM'000 Note 1(c)
Exchange equalisation reserves	(104,343)	-	104,343	-
Retained earnings	737,405	(101,385)	(104,343)	530,598
			(1,079)	

Reconciliation of the affected financial caption reported as at 30 September 2011

	As previously reported at 30/09/2011 RM'000	Effect of adoption of MFRS RM'000 Note 1(a)	Effect of adoption of MFRS RM'000 Note 1(b)	As restated at 30/09/2011 RM'000 Note 1(c)
Exchange equalisation reserves	(75,073)	-	104,343	29,270
Retained earnings	769,761	(100,613)	(104,343)	563,734
			(1,071)	

**HONG LEONG INDUSTRIES BERHAD (5486-P)
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1. **Basis of preparation (cont'd)**

The reconciliation of the financial statements for the comparative periods and at the date of transition to MFRS are as follows: (cont'd)

Condensed Consolidated Statements of Changes in Equity (cont'd)

Reconciliation of the affected financial caption reported as at 30 June 2012

	As previously reported at		Effect of adoption of MFRS		As restated at 30/06/2012 RM'000
	30/06/2012 RM'000	RM'000 Note ⁽¹⁾	RM'000 Note 1(a)	RM'000 Note 1(b) Note 1(c)	
Exchange equalisation reserves	(86,068)	-	104,343	-	18,275
Retained earnings	801,441	(98,297)	(104,343)	(1,045)	597,756

Note ⁽¹⁾ An associate of the Group had on the date of transition to MFRS 1, fair valued certain of its PPE and regarded them as deemed cost and adjusted foreign exchange losses that were previously capitalised into certain of its PPE. These related differences were adjusted to the associate's retained earnings and the Group had on even date, accounted for its share of these differences via its retained earnings accordingly. Adjustments on depreciation saving subsequent to the date of transition to MFRS1 have been adjusted accordingly via the Group's profit or loss.

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2. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding annual financial statements was not qualified.

3. Seasonality or cyclicity of interim operations

There has been no material seasonal or cyclical factor affecting the results of the quarter under review.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial year-to-date.

5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in the prior financial years.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

(a) There were no shares bought back during the quarter under review and financial year-to-date. The total number of shares bought back as at 30 September 2012 was 8,432,500 shares and the shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

(b) There were no additional HLI shares purchased by the ESOS Trust during the quarter under review and financial year-to-date. The total number of HLI shares purchased by the ESOS Trust as at 30 September 2012 was 11,117,133 shares.

There were no issuance of shares, share cancellations, resale of treasury shares nor repayments of debt or equity securities during the quarter under review and financial year-to-date.

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7. **Dividend paid**

There were no dividend paid during the quarter under review and financial year-to-date.

8. **Operating Segments**

The Group's segmental report for the financial year-to-date is as follows:-

	Consumer products	Industrial products	Total
	RM'000	RM'000	RM'000
Segment profit	36,696	3,689	40,385
Included in the measure of segment profit are:			
Revenue from external customers	373,513	179,082	552,595
Depreciation and amortisation	9,201	3,187	12,388
Reconciliation of reportable segment profit			
Profit			
Reportable segment			40,385
Non- reportable segment			8,306
Interest income			619
Finance costs			(12,569)
Share of profit of associated companies			7,904
Consolidated profit before taxation			44,645
		External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment		552,595	12,388
Non-reportable segment		3,636	27
Total		556,231	12,415

9. **Material events not reflected in the financial statements**

There are no material subsequent events to be disclosed as at the date of this report.

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10. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations other than as mentioned below:

i) The following Company's subsidiaries have been placed under members' voluntary liquidation:-

- (a) Hong Leong Maruken Sdn Bhd, a 70% subsidiary;
- (b) Varinet Sdn Bhd, a 60% subsidiary;
- (c) Guotrade (Malaysia) Sdn Bhd, a wholly-owned subsidiary;
- (d) MZ Engineering GmbH, an indirect wholly-owned subsidiary;
- (e) Century Touch Sdn Bhd ("CT") (formerly known as Guocera Tile Industries (Labuan) Sdn Bhd), a 70% indirect-owned subsidiary; and
- (f) Prester Sdn Bhd, a wholly-owned subsidiary.

The liquidations are currently pending completion of legal execution proceedings against debtors and/or tax clearance from the Inland Revenue Board and/or final meeting to be convened.

ii) Guocera Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, had, on 15 October 2012, entered into a Sale of Charter Capital Agreement ("Agreement") with Mr Luru Thành Trung (the "Purchaser"), a Vietnamese citizen, to dispose of its entire 97% interest in Guocera Tile Industries (Vietnam) Co., Ltd ("GTI(V)") to the Purchaser for a total cash consideration of USD370,000 ("Proposed Disposal").

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the end of the year and thereafter GTI(V) will cease to be a subsidiary of the Company.

11. Contingent liabilities or contingent assets

There are no contingent liabilities or contingent assets as at the date of this report.

12. Review of Performance

For the quarter under review, the Group recorded a revenue of RM556.2 million and profit before taxation ("PBT") of RM44.6 million as compared with a revenue of RM540.0 million and PBT (restated after adoption of MFRS) of RM58.8 million recorded in the corresponding quarter of the preceding year ended 30 June 2012 ("FY 2012").

PBT for the quarter was lower as the operating margins for both the consumer and industrial products were affected by higher production costs due to lesser working days and unfavourable foreign exchange rates.

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13. Material changes in profit before taxation against the immediate preceding quarter

For the quarter under review, the Group recorded a PBT of RM44.6 million as compared with a PBT (restated after adoption of MFRS) of RM62.5 million recorded in the preceding quarter.

PBT for the Group was lower on the back of a lower revenue, mostly derived from the building materials segment as demand was generally slower from both the domestic and export markets.

14. Prospects

Barring any unforeseen circumstances, the Board expects the Group's performance for both the consumer products segment and industrial products segment to be satisfactory for the financial year ending 30 June 2013.

15. Profit forecast / profit guaranteed

This note is not applicable.

16. Profit before taxation

	Current Year Quarter	Current Year To-date
	30/09/2012 RM'000	30/09/2012 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(4,120)	(4,120)
Depreciation and amortisation	12,415	12,415
Allowance for impairment loss on trade receivables	611	611
Inventories written back	(1,295)	(1,295)
Gain on foreign exchange	(861)	(861)
Fair value loss on derivative instruments	449	449
Impairment of property, plant and equipment	-	-
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	-

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17. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Period
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Continuing operations				
Current taxation				
Malaysian - current year	11,409	13,316	11,409	13,316
- prior years	42	388	42	388
Overseas - current year	76	-	76	-
	11,527	13,704	11,527	13,704
Deferred taxation				
Malaysian - current year	-	460	-	460
- prior years	(109)	874	(109)	874
	(109)	1,334	(109)	1,334
	11,418	15,038	11,418	15,038

For the quarter under review, there were no material variance between the Group's effective tax rate and the statutory tax rate.

18. **Corporate Proposals**

There are no corporate proposals announced but not completed as at the date of this report other than as mentioned below:

Hong Leong Industries Berhad ("the Company" or "HLI") has, on 10 August 2012, announced that the Company proposed to undertake the following:

- (a) terminate the existing executive share option scheme ("ESOS") of HLI, which was established in year 2006 and will expire in year 2016 ("Termination"); and
- (b) establish a new ESOS of up to 10% of the issued and paid-up share capital of HLI (excluding treasury shares) ("New ESOS")

(Termination and New ESOS are collectively referred to as the "Proposals").

The Proposals were approved by shareholders of HLI at its Annual General Meeting held on 16 October 2012.

Bursa Securities Malaysia Berhad has, via its letter dated 11 September 2012, approved the listing of such number of additional new ordinary shares of RM0.50 each, representing up to 10% of the issued and paid-up share capital of HLI, to be issued pursuant to the exercise of options under the New ESOS.

Barring any unforeseen circumstances, the Company expects to implement the Proposals by the first quarter of year 2013.

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The figures have not been audited

19. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 30 September 2012 are as follows:-

	RM'000
(i) Unsecured short term borrowings	148,303
(ii) Unsecured long term borrowings	682,163
	<u>830,466</u>

The above include borrowings denominated in foreign currency as follows:-

	RM'000
USD	60,000
VND	<u>2,058</u>

20. Changes in Material Litigation

There are no material litigations as at the date of this report.

21. Dividend

- (a) The Board has declared an interim dividend of 10.0 sen per share tax exempt for the quarter ended 30 September 2012 of the financial year ending 30 June 2013 (1st quarter 2011/2012: 4.0 sen per share less tax and 7.0 sen per share tax exempt) to be paid on 28 December 2012 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 14 December 2012.

This is to inform that a Depositor shall qualify for the entitlement only in respect of: -

- (i) shares transferred into the Depositor's securities account before 4.00 p.m. on 14 December 2012 in respect of ordinary transfers; and
 - (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Bursa Malaysia Securities Berhad's Listing Requirements
- (b) For the financial year-to-date, dividend of 10.0 sen per share tax exempt (2011/2012: 4.0 sen per share less tax and 7.0 sen per share tax exempt) has been declared.

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22. Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

The basic earnings per ordinary share for the quarter under review/financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM20,552,000 (1st quarter 2011/2012 (restated) : RM33,136,000) and the weighted average number of ordinary shares during the quarter of 308,356,000 (1st quarter 2011/2012: 308,356,000).

Weighted average number of ordinary shares

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2012 '000	Preceding Year Corresponding Quarter 30/09/2011 '000	Current Year- To-Date 30/09/2012 '000	Preceding Year Corresponding Period 30/09/2011 '000
Issued ordinary shares at beginning of period	327,905	327,905	327,905	327,905
Treasury shares held at beginning of period	(8,432)	(8,432)	(8,432)	(8,432)
Trust Shares held at beginning of period	(11,117)	(11,117)	(11,117)	(11,117)
Weighted average number of ordinary shares (basic)	308,356	308,356	308,356	308,356

(b) Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the quarter under review and financial year-to-date as there are no dilutive potential ordinary shares. The Group had no dilution in its earnings per ordinary share in the preceding year's corresponding quarter/period as the potential ordinary shares from the assumed exercise to ordinary shares of options would increase the basic earnings per ordinary share.

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23. **Realised and unrealised profits /losses included in retained profits**

The breakdown of the retained profits of the Group, into realised and unrealised profits/losses are as follows:-

	As At End of Current Quarter	Restated As At End of Preceding Financial Year
	30/09/2012 RM'000	30/06/2012 RM'000
Total retained profits of the Company and the subsidiaries:-		
- realised	269,061	360,113
- unrealised	14,857	21,231
	283,918	381,344
Total share of retained profits of associated companies:		
- realised	47,989	40,099
- unrealised	(1,730)	(731)
	46,259	39,368
Add: Consolidation adjustments	288,131	177,044
Group retained earnings	618,308	597,756

By Order of the Board
Hong Leong Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
29 November 2012