



Hong Leong Industries

A Member of the Hong Leong Group

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2010

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2010

| | Individual Quarter | | Cumulative Quarter | |
|--|----------------------|--------------------------------------|----------------------|-------------------------------------|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year-To-Date | Preceding Year Corresponding Period |
| | 31/03/2010 RM'000 | 31/03/2009 RM'000 | 31/03/2010 RM'000 | 31/03/2009 RM'000 |
| Revenue | 717,687 | 549,126 | 2,106,848 | 2,058,157 |
| Cost of sales | (601,918) | (516,048) | (1,770,574) | (1,799,536) |
| Gross profit | 115,769 | 33,078 | 336,274 | 258,621 |
| Operating expenses | (40,086) | (38,881) | (122,645) | (124,016) |
| Other operating income/(expenses) | 11,264 | (48,225) | 12,139 | (78,460) |
| Operating profit/(loss) | 86,947 | (54,028) | 225,768 | 56,145 |
| Interest income | 1,204 | 1,492 | 2,639 | 5,711 |
| Finance costs | (5,910) | (8,278) | (17,627) | (28,573) |
| Share of profit of associated companies | 15,275 | 15,493 | 37,978 | 26,013 |
| Profit/(loss) before taxation | 97,516 | (45,321) | 248,758 | 59,296 |
| Taxation | (16,014) | (6,762) | (37,039) | (27,591) |
| Profit/(loss) for the period | 81,502 | (52,083) | 211,719 | 31,705 |
| Attributable to: | | | | |
| Equity holders of the parent | 52,386 | (16,279) | 143,357 | 46,952 |
| Minority interests | 29,116 | (35,804) | 68,362 | (15,247) |
| Profit/(loss) for the period | 81,502 | (52,083) | 211,719 | 31,705 |
| Earnings/(loss) per ordinary share (sen) :- | | | | |
| (a) Basic | 20.03 | (6.22) | 54.81 | 17.95 |
| (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 2009.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
31 MARCH 2010

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2010

| | As At End of Current Quarter | As At End of Preceding Financial Year |
|--|---------------------------------|---|
| | 31/03/2010 RM'000 | 30/06/2009 RM'000 |
| Non-current assets | | |
| Property, plant and equipment | 1,310,697 | 1,300,242 |
| Prepaid lease payments | 35,670 | 36,977 |
| Investments in associated companies | 401,689 | 387,084 |
| Other investments | 60 | 56 |
| Intangible assets | 470,681 | 482,732 |
| Deferred tax assets | 877 | 877 |
| | <u>2,219,674</u> | <u>2,207,968</u> |
| Current assets | | |
| Inventories | 181,891 | 177,236 |
| Trade and other receivables | 471,626 | 425,983 |
| Tax recoverable | 8,871 | 17,148 |
| Short term investments | - | 4 |
| Deposits, cash and bank balances | 365,559 | 261,008 |
| | <u>1,027,947</u> | <u>881,379</u> |
| TOTAL ASSETS | <u>3,247,621</u> | <u>3,089,347</u> |
| Equity attributable to equity holders of the parent | | |
| Share capital | 140,573 | 140,573 |
| Reserves | 1,287,655 | 1,191,539 |
| Treasury shares - at cost | (63,314) | (63,309) |
| | <u>1,364,914</u> | <u>1,268,803</u> |
| Minority interests | 629,561 | 590,410 |
| TOTAL EQUITY | <u>1,994,475</u> | <u>1,859,213</u> |
| Non-current liabilities | | |
| Borrowings (unsecured) | 399,754 | 377,117 |
| Deferred tax liabilities | 71,429 | 65,198 |
| Retirement benefits | 12,999 | 12,369 |
| | <u>484,182</u> | <u>454,684</u> |
| Current liabilities | | |
| Trade and other payables | 406,563 | 350,775 |
| Borrowings (unsecured) | 344,351 | 413,207 |
| Taxation | 18,050 | 11,468 |
| | <u>768,964</u> | <u>775,450</u> |
| TOTAL LIABILITIES | <u>1,253,146</u> | <u>1,230,134</u> |
| TOTAL EQUITY AND LIABILITIES | <u>3,247,621</u> | <u>3,089,347</u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 5.22 | 4.85 |

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2009.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2010

| | ← Attributable to equity holders of the parent → | | | | | | | | Total equity | |
|--|--|----------------|-----------------|------------------------|----------------------|------------------|-----------------|------------------|----------------|--------------------|
| | Share capital | Share premium | Other reserves | Reserve for own shares | Share option reserve | Retained profits | Treasury shares | Total | | Minority interests |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year-to date ended | | | | | | | | | | |
| 31 March 2010 | 140,573 | 586,926 | (28,479) | (54,374) | 1,068 | 686,398 | (63,309) | 1,268,803 | 590,410 | 1,859,213 |
| Profit for the period | - | - | - | - | - | 143,357 | - | 143,357 | 68,362 | 211,719 |
| Dividend paid | - | - | - | - | - | (18,310) | - | (18,310) | (22,020) | (40,330) |
| Foreign currency translation differences | - | - | (27,326) | - | - | - | - | (27,326) | (5,409) | (32,735) |
| Purchase of treasury shares | - | - | - | - | - | - | (5) | (5) | - | (5) |
| Transfer to capital redemption reserves | - | - | 61 | - | - | (61) | - | - | - | - |
| Share-based payments | - | - | (1,699) | - | 94 | - | - | (1,605) | (1,782) | (3,387) |
| At 31 March 2010 | 140,573 | 586,926 | (57,443) | (54,374) | 1,162 | 811,384 | (63,314) | 1,364,914 | 629,561 | 1,994,475 |

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2010 (Cont'd)

| | Attributable to equity holders of the parent | | | | | | | | | | Total equity | |
|--|--|----------------|-----------------|------------------------|----------------------|------------------|-----------------|------------------|--------------------|------------------|--------------|------------------|
| | Share capital | Share premium | Other reserves | Reserve for own shares | Share option reserve | Retained profits | Treasury shares | Total | Minority interests | Total equity | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Preceding year corresponding period ended 31 March 2009 | 140,573 | 586,926 | (45,329) | (52,255) | 1,788 | 644,216 | (63,302) | 1,212,617 | 635,445 | 1,848,062 | | 1,848,062 |
| At 1 July 2008 | - | - | - | - | - | 46,952 | - | 46,952 | (15,247) | 31,705 | | 31,705 |
| Profit/(loss) for the period | - | - | - | - | - | (13,079) | - | (13,079) | (18,954) | (32,033) | | (32,033) |
| Dividend paid | - | - | - | - | - | - | - | - | 6,868 | 23,967 | | 23,967 |
| Foreign currency translation differences | - | - | 17,099 | - | - | - | - | 17,099 | - | (2,119) | | (2,119) |
| Purchase of Trust Shares | - | - | - | (2,119) | - | - | - | (2,119) | - | (4) | | (4) |
| Purchase of treasury shares | - | - | - | - | - | - | (4) | (4) | - | - | | - |
| Transfer to capital redemption reserves | - | - | 4 | - | - | (4) | - | - | - | - | | - |
| Transfer to capital reserves | - | - | 312 | - | - | (312) | - | - | - | - | | - |
| Capital injection by minority shareholders in a subsidiary company | - | - | - | - | - | - | - | - | - | 82 | | 82 |
| Share-based payments | - | - | 554 | - | (403) | 858 | - | 1,009 | 346 | 1,355 | | 1,355 |
| At 31 March 2009 | 140,573 | 586,926 | (27,360) | (54,374) | 1,385 | 678,631 | (63,306) | 1,262,475 | 608,540 | 1,871,015 | | 1,871,015 |

Dividends received by the Executive Share Option Scheme ("ESOS") Trust amounted to RM 780,000 (2008/2009: RM 557,000) are eliminated against the dividend expense of the Company following the consolidation of ESOS Trust.

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 2009.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

| | Current Year- To-Date | Preceding Year Corresponding Period |
|---|--------------------------|---|
| | 31/03/2010 RM'000 | 31/03/2009 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 248,758 | 59,296 |
| Adjustments for:- | | |
| Share of profit of associated companies | (37,978) | (26,013) |
| Depreciation and amortisation | 177,613 | 202,664 |
| Non cash items | 12,361 | (4,562) |
| Net financing costs | 14,988 | 22,862 |
| Operating profit before changes in working capital | 415,742 | 254,247 |
| Changes in working capital | | |
| Net change in current assets | (80,420) | 138,834 |
| Net change in current liabilities | 67,308 | (77,969) |
| Net income taxes paid | (15,950) | (29,886) |
| Net financing costs paid | (14,988) | (22,862) |
| Other operating income received | 6,078 | 82 |
| Net cash generated from operating activities | 377,770 | 262,446 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Equity investments | - | 24,441 |
| Purchase of property, plant & equipment | (192,243) | (127,381) |
| Net cash used in investing activities | (192,243) | (102,940) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to equity holders of the Company | (18,310) | (13,079) |
| Dividend paid to minority shareholders of subsidiaries | (22,020) | (18,954) |
| Net repayments of borrowings | (39,355) | (181,099) |
| Purchase of treasury shares | (10) | (10) |
| Purchase of Trust Shares | - | (2,119) |
| Net cash used in financing activities | (79,695) | (215,261) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 105,832 | (55,755) |
| CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD | 261,008 | 267,975 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (1,298) | 2,178 |
| CASH & CASH EQUIVALENTS AT END OF PERIOD | 365,542 | 214,398 |
| Cash and cash equivalents included in the consolidated cash flow statements comprise the following balance sheet amounts: | | |
| | 31/03/2010 RM'000 | 31/03/2009 RM'000 |
| Deposits, cash and bank balances | 365,559 | 214,427 |
| Bank overdraft | (17) | (29) |
| | 365,542 | 214,398 |

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2009.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
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1. Basis of preparation

The interim financial report is unaudited and had been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and the applicable disclosure provisions of the 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 2009.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2009.

On 1 July 2009, the Group had adopted FRS 8 Operating Segments. The adoption of FRS 8 does not had any financial impact on the financial statements of the Group.

The Group had not applied all the Amendments to FRSSs, FRSSs and IC Interpretations that had been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective.

FRS 4, FRS120, FRS129, FRS131, FRS140, IC Interpretation 12,13,14,15,16 and 17 are not applicable to the Group and hence, no further disclosure is required.

The Group plans to adopt the other Amendments to FRSSs, FRSSs and IC Interpretations for the financial year ending 30 June 2011.

The financial impact on the financial statements of the Group resulting from the adoption of FRS 7 and FRS 139 upon first adoption of these FRSSs as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors are not disclosed by virtue of the exemptions given in the respective FRSSs.

The first adoption of the other Amendments to FRSSs, FRSSs and IC Interpretations are not expected to have any material financial impact on the financial statements of the Group.

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 had been no material seasonal or cyclical factors 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 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.

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

- (a) There were no share buy back during the quarter under review. During the financial year-to-date, the Company bought back 1,000 of its own shares from the open market for a total consideration of RM4,400. The total number of shares bought back as at 31 March 2010 was 8,431,500 shares and the shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.
- (b) During the quarter under review, 40% of the vested conditional incentive share options ("Options") over 2,000,000 ordinary shares of RM0.50 each in HLI, ie 800,000 Options had lapsed. As at 31 March 2010, a total of 1,600,000 Options had lapsed and the balance of the Options vested to the eligible executives of the Group was 400,000.

There were no share options granted during the quarter under review and financial year-to-date.

- (c) There were no additional shares purchased by the trust set up for the ESOS ("ESOS Trust") during the quarter under review. The total number of shares purchased by the ESOS Trust ("Trust Shares") as at 31 March 2010 was 11,139,800 shares.

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

7. Dividend paid

During the financial year-to-date, the Company paid a first interim dividend of 7.0 sen per share tax exempt amounting to RM19.1 million on 21 December 2009.

8. Operating Segments

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

| | Semi- conductor RM'000 | Motorcycles RM'000 | Building materials RM'000 | Others RM'000 | Total RM'000 |
|--|------------------------------|-----------------------|---------------------------------|------------------|-----------------|
| Revenue | | | | | |
| External sales | 1,012,575 | 604,018 | 488,516 | 1,739 | 2,106,848 |
| Results | | | | | |
| Segment results | 95,708 | 95,453 | 34,019 | (9,633) | 215,547 |
| Unallocated income | | | | | 10,221 |
| Operating profit | | | | | 225,768 |
| Interest income | | | | | 2,639 |
| Finance costs | | | | | (17,627) |
| Share of profit of associated companies | | | | | 37,978 |
| Profit before taxation | | | | | 248,758 |
| Taxation | | | | | (37,039) |
| Profit for the period | | | | | 211,719 |

9. Valuations of property, plant and equipment

The valuation of property, plant and equipment had been brought forward without any amendments from the previous annual financial statements.

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10. Material events not reflected in the financial statements

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

11. 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) Guocera Holdings Sdn Bhd (“GHSB”), a wholly-owned subsidiary of the Company on 26 March 2010, entered into a joint venture (“JV”) contract with Infrastructure Development And Construction Corporation (“LICOGI”) to form a JV company to be known as Guocera Tile Industries (Vietnam) Co., Ltd. (“GTI(V”). Subsequent to the establishment of GTI(V), GTI(V) shall acquire and operate a factory (“Factory”) located in Dong Nai Province, Vietnam, and which is currently involved in the production of porcelain tiles.

The proposed JV is subject to the issuance of an Investment Certificate by the Licensing Authority.

- (ii) The following Company’s subsidiaries had 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; and
- (e) Kilatas Sdn Bhd, an indirect wholly-owned subsidiary.

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

12. Contingent liabilities or contingent assets

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

13. Review of Performance

For the quarter under review, the Group recorded a revenue and profit before taxation (“PBT”) of RM717.7 million and RM97.5 million respectively as compared with a revenue and loss before taxation of RM549.1 million and RM45.3 million respectively recorded in the corresponding quarter of the preceding year (“FY2009”). The higher PBT was mainly attributable to the improvement in profits of the semiconductor business in line with the higher sales achieved.

For the financial year-to-date, the Group recorded a revenue and PBT of RM2,106.8 million and RM248.8 million respectively as compared with a revenue and PBT of RM2,058.2 million and RM59.3 million respectively recorded in the corresponding period of FY2009. The increase in PBT was mainly attributable to the improvement in profits of the semiconductor business.

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

The Group recorded a PBT of RM97.5 million for the quarter under review as compared with a PBT of RM83.6 million for the preceding quarter. The higher PBT was mainly attributable to the improvement in profits of the semiconductor business due mainly to the higher revenue achieved during the quarter under review.

15. Prospects

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the financial year ending 30 June 2010.

16. Profit forecast / profit guaranteed

This note is not applicable.

17. Taxation

| | Individual Quarter | | Cumulative Quarter | |
|--------------------|-------------------------|--|--------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year- To-Date | Preceding Year Corresponding Period |
| | 31/03/2010 RM'000 | 31/03/2009 RM'000 | 31/03/2010 RM'000 | 31/03/2009 RM'000 |
| Current tax | | | | |
| Malaysian | | | | |
| - current | 11,605 | 6,127 | 28,961 | 21,394 |
| - prior years | 1,743 | - | 1,783 | 28 |
| Overseas | | | | |
| - current | - | (5) | 65 | 517 |
| - prior years | - | - | - | (412) |
| | 13,348 | 6,122 | 30,809 | 21,527 |
| Deferred tax | | | | |
| Malaysia - current | 2,666 | 640 | 6,230 | 6,064 |
| | 2,666 | 640 | 6,230 | 6,064 |
| | 16,014 | 6,762 | 37,039 | 27,591 |

The Group's effective tax rate is lower than the statutory tax rate due mainly to tax incentives / allowances granted to certain subsidiaries.

18. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties for the quarter under review and financial year-to-date.

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19. Quoted securities

(a) There were no purchases or disposals of quoted securities (other than securities in existing subsidiaries and associated companies) for the quarter under review and financial year-to-date.

(b) Particulars of investments in quoted securities as at 31 March 2010:-

| | RM'000 |
|------------------|---------------|
| Other investment | |
| At cost | 27 |
| At book value | 4 |
| At market value | 8 |

20. Corporate Proposals

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

The Company had, on 18 May 2010, announced that the Company proposed to undertake a medium term note ("MTN") programme involving the issuance of up to RM600.0 million nominal value MTNs ("Proposed MTN Programme"). The proceeds raised from the Proposed MTN Programme will be utilised for investments and working capital purposes. The Proposed MTN Programme is subject to the approval of the Securities Commission.

21. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 31 March 2010 are as follows:-

| | RM'000 |
|-------------------------------------|----------------|
| (i) Unsecured short term borrowings | 344,351 |
| (ii) Unsecured long term borrowings | 399,754 |
| | <u>744,105</u> |

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

| | |
|----------------|---------------|
| USD borrowings | <u>93,964</u> |
|----------------|---------------|

22. Financial Instruments with Off Balance Sheet Risk

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The financial instruments with off balance sheet risk as at 31 March 2010 are as follows:-

| | Contract amount RM'000 |
|------------------------------------|---|
| Foreign exchange forward contracts | <u>58,975</u> |

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22. Financial Instruments with Off Balance Sheet Risk (Cont'd)

The above contracts are maturing within a period of 6 months.

There is minimal credit and market risk because the contracts were executed with established financial institutions.

Gains and losses on foreign exchange forward contracts are recognised in the income statements upon realisation.

23. Changes in Material Litigation

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

24. Dividend

(a) The Board had declared a second interim dividend of 10.0 sen per share tax exempt for the quarter ended 31 March 2010 of the financial year ending 30 June 2010 (3rd quarter 2008/2009 : 5.0 sen per share tax exempt) to be paid on 28 June 2010 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 11 June 2010.

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 11 June 2010 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, a total dividend of 17.0 sen per share tax exempt had been declared (2008/2009: 10.0 sen per share tax exempt).

25. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the quarter under review is based on the profit attributable to equity holders of the parent of RM52,386,000 (3rd quarter 2008/2009: loss attributable to equity holders of the parent of RM16,279,000) and the weighted average number of ordinary shares during the quarter of 261,575,000 (2008/2009: 261,577,000).

The calculation of basic earnings per ordinary share for the financial year-to-date is based on the profit attributable to equity holders of the parent of RM143,357,000 (2008/2009: RM46,952,000) and the weighted average number of ordinary shares during the period of 261,575,000 (2008/2009: 261,611,000).

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25. **Earnings Per Ordinary Share (Cont'd)**

Weighted average number of ordinary shares

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|--|--------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year- To-Date | Preceding Year Corresponding Period |
| | 31/03/2010 '000 | 31/03/2009 '000 | 31/03/2010 '000 | 31/03/2009 '000 |
| Issued ordinary shares at beginning of period | 281,146 | 281,146 | 281,146 | 281,146 |
| Treasury shares held at beginning of period | (8,431) | (8,429) | (8,430) | (8,428) |
| Trust Shares held at beginning of period | (11,140) | (11,140) | (11,140) | (10,611) |
| | 261,575 | 261,577 | 261,576 | 262,107 |
| Effect of purchase of Trust Shares | - | - | - | - |
| Effect of purchase of treasury shares | - | - | (1) | (496) |
| Weighted average number of ordinary shares (basic) | 261,575 | 261,577 | 261,575 | 261,611 |

Diluted earnings per ordinary share

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

By Order of the Board
 Hong Leong Industries Berhad

Joanne Leong Wei Yin
 Company Secretary

Kuala Lumpur
 25 May 2010