

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2014**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2014**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	31/03/2014 RM'000	31/03/2013 RM'000	31/03/2014 RM'000	31/03/2013 RM'000
<b>Revenue</b>	562,156	553,423	1,680,248	1,661,369
Cost of sales	(450,533)	(443,862)	(1,345,392)	(1,358,780)
<b>Gross profit</b>	111,623	109,561	334,856	302,589
Operating expenses	(56,490)	(50,922)	(164,945)	(162,260)
Other operating income	11,528	5,651	22,323	18,903
<b>Operating profit</b>	66,661	64,290	192,234	159,232
Interest income	581	666	2,186	1,802
Finance costs	(14,247)	(15,184)	(45,292)	(42,908)
Share of profit in associated companies	9,896	16,185	30,817	41,346
<b>Profit before taxation</b>	62,891	65,957	179,945	159,472
Taxation	(8,145)	(11,455)	(26,885)	(30,076)
<b>Profit for the period</b>	54,746	54,502	153,060	129,396
<b>Profit attributable to:</b>				
Owners of the Company	45,842	44,892	124,024	97,470
Non-controlling interests	8,904	9,610	29,036	31,926
<b>Profit for the period</b>	54,746	54,502	153,060	129,396
<b>Earnings per ordinary share (sen) :-</b>				
(a) Basic	14.87	14.56	40.22	31.61
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER**  
**ENDED 31 MARCH 2014**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2014 (cont'd)**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year - To-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31/03/2014 RM'000</b>	<b>31/03/2013 RM'000</b>	<b>31/03/2014 RM'000</b>	<b>31/03/2013 RM'000</b>
<b>Profit for the period</b>	54,746	54,502	153,060	129,396
Foreign currency translation differences for foreign operations	(88)	9,049	5,386	770
Fair value (loss)/gain on available-for-sale financial assets	-	(7,499)	-	4,388
<b>Total comprehensive income for the period</b>	<b>54,658</b>	<b>56,052</b>	<b>158,446</b>	<b>134,554</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	45,754	46,442	129,410	102,505
Non-controlling interests	8,904	9,610	29,036	32,049
<b>Total comprehensive income for the period</b>	<b>54,658</b>	<b>56,052</b>	<b>158,446</b>	<b>134,554</b>

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014**

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/03/2014 RM'000	30/06/2013 RM'000
<b>ASSETS</b>		
Property, plant and equipment	405,089	416,300
Investment properties	4,000	2,231
Investments in associated companies	358,970	328,390
Other investments	710,266	706,291
Intangible assets	17,561	14,681
Deferred tax assets	8,206	8,292
Tax credit receivables	2,070	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,506,162</b>	<b>1,476,185</b>
Inventories	237,134	206,558
Trade and other receivables	427,497	425,869
Current tax assets	33,421	24,111
Derivative financial assets	206	1,691
Cash and cash equivalents	343,876	354,347
<b>TOTAL CURRENT ASSETS</b>	<b>1,042,134</b>	<b>1,012,576</b>
<b>TOTAL ASSETS</b>	<b>2,548,296</b>	<b>2,488,761</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	163,953	163,953
Reserves	1,167,787	1,069,017
Treasury shares - at cost	(63,318)	(63,318)
	1,268,422	1,169,652
<b>NON-CONTROLLING INTERESTS</b>	<b>126,019</b>	<b>113,166</b>
<b>TOTAL EQUITY</b>	<b>1,394,441</b>	<b>1,282,818</b>
<b>LIABILITIES</b>		
Borrowings (unsecured)	110,000	697,663
Deferred tax liabilities	7,268	7,481
Deferred income	1,915	-
Employee benefits	21,176	19,838
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>140,359</b>	<b>724,982</b>
Trade and other payables	309,489	325,622
Borrowings (unsecured)	687,292	137,430
Derivative financial liabilities	520	1,458
Tax payable	16,195	16,451
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,013,496</b>	<b>480,961</b>
<b>TOTAL LIABILITIES</b>	<b>1,153,855</b>	<b>1,205,943</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,548,296</b>	<b>2,488,761</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>4.11</b>	<b>3.79</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2014**

	←----- Attributable to owners of the Company ----->						Total equity RM'000			
	Share capital RM'000	Share premium RM'000	Exchange equalisation reserve RM'000	Other reserves RM'000	Reserve for own shares RM'000	Share option reserve RM'000		Treasury shares RM'000	Retained earnings RM'000	Non-controlling interests RM'000
	←----- Non-distributable ----->						Distributable			
<b>Current year-to-date ended 31 March 2014</b>										
At 1 July 2013	163,953	387,038	1,772	20,624	(41,459)	-	(63,318)	701,042	113,166	1,282,818
Profit for the period	-	-	-	-	-	-	-	124,024	29,036	153,060
Other comprehensive income	-	-	5,386	-	-	-	-	-	-	5,386
- Foreign currency translation differences	-	-	5,386	-	-	-	-	-	-	5,386
<b>Total comprehensive income for the period</b>	-	-	5,386	-	-	-	-	124,024	29,036	158,446
Dividends	-	-	-	-	-	-	-	(30,835)	(16,183)	(47,018)
Share-based payments	-	-	-	-	-	195	-	-	-	195
Total distribution to owners	-	-	-	-	-	195	-	(30,835)	(16,183)	(46,823)
Transfer to capital redemption reserve	-	-	-	541	-	-	-	(541)	-	-
At 31 March 2014	163,953	387,038	7,158	21,165	(41,459)	195	(63,318)	793,690	126,019	1,394,441

**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 2014**

← ..... Attributable to owners of the Company ..... →

← ..... Non-distributable ..... → Distributable

	Share capital RM'000	Share premium RM'000	Exchange equalisation reserve RM'000	Other reserves RM'000	Reserve for own shares RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Preceding year corresponding period ended 31 March 2013	163,953	387,038	18,275	20,183	(41,459)	(63,318)	597,756	1,082,428	102,767	1,185,195
At 1 July 2012	-	-	-	-	-	-	97,470	97,470	31,926	129,396
Profit for the period	-	-	647	-	-	-	-	647	123	770
Other comprehensive income	-	-	-	4,388	-	-	-	4,388	-	4,388
- Foreign currency translation differences	-	-	-	4,388	-	-	-	4,388	-	4,388
- Gain on fair value adjustments	-	-	647	4,388	-	-	97,470	102,505	32,049	134,554
<b>Total comprehensive income for the period</b>	-	-	647	4,388	-	-	97,470	102,505	32,049	134,554
Dividends	-	-	-	-	-	-	(30,835)	(30,835)	(16,633)	(47,468)
Disposal of subsidiaries	-	-	(18,904)	-	-	-	-	(18,904)	268	(18,636)
<b>Total distribution to owners</b>	-	-	(18,904)	-	-	-	(30,835)	(49,739)	(16,365)	(66,104)
Transfer to capital redemption reserve	-	-	-	39	-	-	(39)	-	-	-
At 31 March 2013	163,953	387,038	18	24,610	(41,459)	(63,318)	664,352	1,135,194	118,451	1,253,645

Dividends received by the trust set up for the Executive Share Scheme ("ESS") ("ESS Trust") amounted to RM1,112,000 (2012/2013: RM1,112,000) are eliminated against the dividend expense of the Company following the consolidation of ESS 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 2013.**

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED**  
**31 MARCH 2014**

	Current Year- To-Date 31/03/2014 RM'000	Preceding Year Corresponding Period 31/03/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	179,945	159,472
Adjustments for:-		
Share of profit of associated companies	(30,817)	(41,346)
Depreciation and amortisation	38,091	37,528
Dividend income	(35,887)	(26,841)
Non cash items	(9,942)	(12,649)
Net financing costs	43,106	41,106
Operating profit before changes in working capital	184,496	157,270
Changes in working capital		
Net change in current assets	(35,623)	(31,698)
Net change in current liabilities	(16,133)	42,689
Taxation paid	(36,578)	(30,197)
Net financing costs paid	(43,106)	(41,106)
Dividend received	42,457	27,662
Retirement benefits paid	(135)	(402)
<b>Net cash generated from operating activities</b>	<b>95,378</b>	<b>124,218</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(33,520)	(49,876)
Proceeds from disposal of property, plant & equipment	11,103	2,493
Cash distribution from an associate company	360	-
Proceeds from disposal of asset held for sale	-	51,558
Addition in other investments	-	(272,419)
Proceeds from disposal of other investments	-	30,059
Net cash outflow from disposal of subsidiary companies	-	(447)
Net cash outflow from dissolution of a subsidiary company	-	(38)
<b>Net cash used in investing activities</b>	<b>(22,057)</b>	<b>(238,670)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to owners of the Company	(30,835)	(30,835)
Dividend paid to non-controlling shareholders of subsidiaries	(16,183)	(16,633)
Drawdown of borrowings	344,269	510,081
Repayment of borrowings	(382,070)	(161,366)
<b>Net cash (used in)/generated from financing activities</b>	<b>(84,819)</b>	<b>301,247</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,498)</b>	<b>186,795</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>354,347</b>	<b>215,617</b>
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	<b>1,027</b>	<b>(983)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>343,876</b>	<b>401,429</b>

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following statements of financial position amounts:

	31/03/2014 RM'000	31/03/2013 RM'000
Deposits, cash and bank balances	343,876	401,429

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

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**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 2013. This interim financial report also complies with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

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 2013.

The Group has adopted the MFRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2013 where applicable to the Group. The initial adoption of these applicable MFRS, amendments and interpretations do not have any material 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 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 31 March 2014 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 shares purchased by the ESS Trust during the quarter under review and financial year-to-date. As at 31 March 2014, the total number of shares held by the ESS Trust 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**

During the financial year-to-date, the Company paid an interim dividend of 10.0 sen per share tax exempt amounting to RM31.9 million on 20 December 2013.

8. **Operating Segments**

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

	<b>Consumer products</b>	<b>Industrial products</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment profit</b>	136,026	23,911	159,937
Included in the measure of segment profit are:			
Revenue from external customers	1,085,929	561,027	1,646,956
Depreciation and amortisation	28,439	9,564	38,003
<b>Reconciliation of reportable segment profit</b>			
<b>Profit</b>			
Reportable segment			159,937
Non-reportable segment			32,297
Interest income			2,186
Finance costs			(45,292)
Share of profit of associated companies			30,817
Consolidated profit before taxation			179,945
		<b>External revenue</b>	<b>Depreciation and amortisation</b>
		<b>RM'000</b>	<b>RM'000</b>
Reportable segment		1,646,956	38,003
Non-reportable segment		33,292	88
<b>Total</b>		1,680,248	38,091

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

Except for the Corporate Proposals as disclosed in Note 17(b), 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:

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) Century Touch Sdn Bhd, a 70% indirect-owned subsidiary; and
- (d) RZA Logistics Sdn Bhd, a 59.1% 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.

**11. Review of Performance**

For the quarter under review, the Group recorded a revenue of RM562.2 million and profit before taxation ("PBT") of RM62.9 million as compared with a revenue and PBT of RM553.4 million and RM66.0 million respectively for the corresponding quarter of the preceding year ended 30 June 2013 ("FY 2013"). The decrease in PBT was mainly due to lower profit contribution from an associated company.

For the financial year-to-date, the Group recorded a revenue of RM1,680.2 million and PBT of RM179.9 million as compared with a revenue and PBT of RM1,661.4 million and RM159.5 million respectively for the corresponding period of FY 2013. The improvement in PBT for the financial year-to-date as compared with the corresponding period of FY2013 was mainly contributed by better margin due to higher average selling price and lower production costs for our consumer products segment, partly offset by lower profit contribution from an associated company.

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

For the quarter under review, the Group recorded a higher PBT of RM62.9 million as compared with a PBT of RM58.9 million recorded in the preceding quarter. The PBT for the current quarter was inclusive of a gain of RM6.8 million arising from the disposal of a piece of property, partly offset by lower profit contribution from an associated company.

**13. 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 2014.

**14. Profit forecast / profit guaranteed**

This note is not applicable.

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15. Profit before taxation

	Current Year Quarter	Current Year To-date
	31/03/2014 RM'000	31/03/2014 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(13,181)	(35,887)
Depreciation and amortisation	13,356	38,091
Impairment loss on trade receivables	389	242
Inventories written off/(back)	218	(59)
Loss/(gain) on foreign exchange	561	(4,243)
Fair value (gain)/loss on derivative instruments	(2)	547
Fair value gain on investment property	(1,769)	(1,769)
Gain on disposal of a property	(6,765)	(6,765)
Impairment of property, plant and equipment	-	-

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Period
	31/03/2014 RM'000	31/03/2013 RM'000	31/03/2014 RM'000	31/03/2013 RM'000
Current taxation				
Malaysian - current year	9,597	11,451	26,853	30,045
- prior years	(22)	(16)	43	26
Overseas - current year	29	20	101	114
	<u>9,604</u>	<u>11,455</u>	<u>26,997</u>	<u>30,185</u>
Deferred taxation				
Malaysian - current year	(1,445)	-	(229)	-
- prior years	(14)	-	117	(109)
	<u>(1,459)</u>	<u>-</u>	<u>(112)</u>	<u>(109)</u>
	<u>8,145</u>	<u>11,455</u>	<u>26,885</u>	<u>30,076</u>

The Group's effective tax rate for the financial year-to-date is lower than the statutory tax rate due mainly to certain income were not taxable.

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**17. Corporate Proposals**

Saved as disclosed below, there are no corporate proposals announced but not completed as at the date of this report.

- a) On 26 August 2013, Hong Leong Investment Bank Berhad (“HLIB”) announced, on behalf of the Company, that the Company proposed to establish an executive share grant scheme of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company for the benefit of the eligible executives (“ESGS”).

The ESGS was approved by the shareholders of HLI on 17 October 2013.

The Company has, on 28 February 2014, implemented the ESGS. The ESGS together with the existing executive share option scheme which was established on 8 March 2013 (“Effective Date”) has been renamed as Executive Share Scheme (“ESS”). The ESS will be in force for a period of 10 years from the Effective Date.

- b) On 11 September 2013, HLIB announced, on behalf of the Company, that the Company had, on 10 September 2013, entered into the following agreements:
- i) a conditional Shares Sale Agreement with Narra Industries Berhad (“Narra”) for the proposed disposal of the entire issued and paid-up share capital of Hume Industries (Malaysia) Sdn Bhd (“HIMSB”), a wholly-owned subsidiary of the Company, which shall comprise 30,000,000 ordinary shares of RM1.00 each (“HIMSB Shares”) for a total disposal consideration of RM48,000,000 to be satisfied by the issuance of 48,000,000 New Narra Shares (as defined below) at an issue price of RM1.00 per New Narra Share (“HIMSB Consideration Shares”) (“Proposed Disposal of HIMSB”); and
- ii) a conditional Shares Sale Agreement with Narra for the proposed disposal of the entire 175,000,000 6-year 2% non-cumulative irredeemable convertible preference shares of RM1.00 each in Hume Cement Sdn Bhd (“HCement ICPS”) for a total disposal consideration of RM300,000,000 to be satisfied by the issuance of 300,000,000 New Narra Shares at an issue price of RM1.00 per New Narra Share (“HCement ICPS Consideration Shares”) (“Proposed Disposal of HCement ICPS”).

[Proposed Disposal of HIMSB and the Proposed Disposal of HCement ICPS are collectively referred to as “Proposed Disposals”].

Prior to the completion of the Proposed Disposals, Narra will implement a capital restructuring exercise involving a share capital reduction by the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 each in Narra and a share consolidation of 2 resultant ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each in Narra (“New Narra Shares”) (“Proposed Narra Capital Restructuring”).

HLI had, on 19 December 2013, announced that HIMSB had completed its internal restructuring exercise and consequently, the restructured HIMSB to be disposed of by the Company to Narra shall comprise HIMSB and its subsidiaries involving in the manufacturing and sale of concrete products.

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**17. Corporate Proposals (cont'd)**

Upon completion of the Proposed Disposals, the Company shall, subject to all requisite approvals being obtained, implement a capital distribution comprising:

- (i) a reduction of the capital of HLI in accordance with Section 64 of the Companies Act, 1965 (“Act”) involving a reduction of share premium reserve (“Proposed Capital Reduction”); and
- (ii) a capital repayment exercise involving the distribution of 345,030,635 New Narra Shares on the basis of 1,080 New Narra Shares for every 1,000 ordinary shares RM0.50 each held in the Company, representing substantially all the HIMSB Consideration Shares and HCement ICPS Consideration Shares to be received by the Company pursuant to the Proposed Disposals, to shareholders whose names appear in the Company’s Record of Depositors as at the close of business on a date to be determined and announced later

(collectively, the “Proposed Capital Distribution”)

[Proposed Disposals and the Proposed Capital Distribution are collectively referred to as the “Proposals”].

The Proposed Disposals are subject to, inter-alia, the following being obtained:

- (i) approval of the shareholders of the Company for the Proposals at an extraordinary general meeting (“EGM”) to be convened;
- (ii) approvals of members of the respective holding companies of the Company and Narra as required by Section 132E of the Act for the relevant proposals, the last approval had been obtained on 28 November 2013.

The Proposed Disposals are also subject to, inter-alia, the following being obtained by Narra:

- (i) approval of the Securities Commission (“SC”) for:
  - (a) the proposed acquisitions by Narra of HIMSB Shares, HCement ICPS and the entire ordinary share capital of HCement (“HCement Ordinary Shares”) (collectively, the “Proposed Acquisitions by Narra”);
  - (b) the resultant equity structure of Narra upon completion of the Proposed Acquisitions by Narra;
  - (c) the exemption for the Company from an obligation to undertake a mandatory offer for the remaining New Narra Shares not already held by the Company and the Company’s concert party(ies) upon completion of the Proposed Disposals pursuant to Section 219 of the Capital Markets and Services Act, 2007 (“CMSA”), which approval had been obtained on 11 December 2013; and
  - (d) the exemption for Hong Leong Manufacturing Group Sdn Bhd (“HLMG”) from an obligation to undertake a mandatory offer for the remaining New Narra Shares not already held by HLMG and HLMG’s concert party(ies) upon completion of the Proposed Capital Distribution pursuant to Section 219 of the CMSA, which approval had been obtained on 11 December 2013.

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**The figures have not been audited**

**17. Corporate Proposals (cont'd)**

Applications for the Proposed Acquisitions by Narra and the resultant equity structure of Narra upon completion of the Proposed Acquisitions by Narra had been submitted to the SC on 31 October 2013.

- (ii) approval-in-principle of Bursa Malaysia Securities Berhad (“Bursa Securities”) for:
  - (a) the proposed consolidation of the Narra shares pursuant to the Proposed Narra Capital Restructuring; and
  - (b) the listing of and quotation for all the New Narra Shares to be issued pursuant to the Proposed Acquisitions by Narra on Bursa Securities.
- (iii) the grant of an order by the High Court pursuant to Section 64 of Act for the proposed share capital reduction by Narra; and
- (iv) approval of the shareholders of Narra for its corporate proposals (comprising Proposed Narra Capital Restructuring, Proposed Acquisitions by Narra and proposed increase in authorised share capital of Narra) at an EGM to be convened.

The Proposed Capital Distribution is subject to the following being obtained:

- (i) the grant of an order by the High Court pursuant to Section 64 of the Act for the Proposed Capital Reduction; and
- (ii) approval of the shareholders of HLI for the Proposals at an EGM to be convened.

The Proposed Disposal of HIMSB, Proposed Disposal of HCement ICPS and the proposed acquisition by Narra of HCement Ordinary Shares are inter-conditional upon one another.

The Proposed Capital Distribution (which includes the Proposed Capital Reduction) is conditional upon the Proposed Disposals.

Subject to all requisite approvals being obtained, the proposals are expected to be completed by the first half of the next financial year ending 30 June 2015.

**18. Group’s borrowings and debt securities**

Particulars of the Group’s borrowings and debt securities as at 31 March 2014 are as follows:-

	<b>RM’000</b>
(i) Unsecured short term borrowings	687,292
(ii) Unsecured long term borrowings	110,000
	<u>797,292</u>

There were no borrowings denominated in foreign currencies as at 31 March 2014.

**19. Changes in Material Litigation**

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

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**The figures have not been audited**

**20. Dividend**

- (a) The Board has declared a second interim dividend of 15.0 sen per share tax exempt for the quarter ended 31 March 2014 of the financial year ending 30 June 2014 (3<sup>rd</sup> quarter 2012/2013 : 16.0 sen per share less tax) to be paid on 30 May 2014 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 16 May 2014.

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 16 May 2014 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 25.0 sen per share tax exempt (2012/2013: 10.0 sen per share tax exempt and 16.0 sen per share less tax) have been declared.

**21. Earnings Per Ordinary Share**

- (a) Basic earnings per ordinary share

The basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company of RM45,842,000 (3<sup>rd</sup> quarter 2012/2013: RM44,892,000) by the weighted average number of ordinary shares during the quarter of 308,356,000 (3<sup>rd</sup> quarter 2012/2013: 308,356,000).

The basic earnings per ordinary share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM124,024,000 (2012/2013: RM97,470,000) by the weighted average number of ordinary shares during the period of 308,356,000 (2012/2013: 308,356,000).

*Weighted average number of ordinary shares*

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2014 '000	Preceding Year Corresponding Quarter 31/03/2013 '000	Current Year- To-Date 31/03/2014 '000	Preceding Year Corresponding Period 31/03/2013 '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)
ESS 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/financial year-to-date and preceding year corresponding quarter/period as there were no dilutive potential ordinary shares.

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The figures have not been audited

22. **Realised and unrealised profits /(losses) disclosure**

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

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/03/2014 RM'000	30/06/2013 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	855,310	661,394
- unrealised	(9,008)	(1,192)
	<hr/> 846,302	<hr/> 660,202
Total share of retained earnings of associated companies:		
- realised	93,848	62,998
- unrealised	4,234	8,857
	<hr/> 98,082	<hr/> 71,855
Less: Consolidation adjustments	<hr/> (150,694)	<hr/> (31,015)
Group retained earnings	<hr/> 793,690	<hr/> 701,042

By Order of the Board  
Hong Leong Industries Berhad

Joanne Leong Wei Yin  
Valerie Mak Mew Chan  
Company Secretaries

Kuala Lumpur  
28 April 2014