

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2015

| | Individual Quarter | | Cumulative Quarter | |
|---|----------------------|--------------------------------------|-------------------------|-------------------------------------|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year - To -Date | Preceding Year Corresponding Period |
| | 31/03/2015 RM'000 | 31/03/2014 RM'000 | 31/03/2015 RM'000 | 31/03/2014 RM'000 |
| Revenue | 551,053 | 506,284 | 1,611,098 | 1,522,159 |
| Cost of sales | (445,303) | (403,437) | (1,285,505) | (1,212,033) |
| Gross profit | 105,750 | 102,847 | 325,593 | 310,126 |
| Operating expenses | (48,312) | (48,743) | (145,765) | (143,301) |
| Other operating income | 2,309 | 11,813 | 29,892 | 21,543 |
| Operating profit | 59,747 | 65,917 | 209,720 | 188,368 |
| Interest income | 706 | 521 | 2,057 | 1,912 |
| Finance costs | (1,915) | (13,977) | (8,590) | (44,762) |
| Share of profit in associated companies, net of tax | 9,718 | 9,896 | 27,260 | 30,817 |
| Profit before taxation | 68,256 | 62,357 | 230,447 | 176,335 |
| Taxation | (11,961) | (8,008) | (67,187) | (26,180) |
| Profit from continuing operations | 56,295 | 54,349 | 163,260 | 150,155 |
| Profit from discontinued operation, net of tax (NI) | - | 397 | 1,013 | 2,905 |
| Profit for the period | 56,295 | 54,746 | 164,273 | 153,060 |
| Profit attributable to: | | | | |
| Owners of the Company | 46,032 | 45,842 | 129,821 | 124,024 |
| Non-controlling interests | 10,263 | 8,904 | 34,452 | 29,036 |
| Profit for the period | 56,295 | 54,746 | 164,273 | 153,060 |
| Earnings per ordinary share (sen) :- | | | | |
| (a) Basic | 14.93 | 14.87 | 42.10 | 40.22 |
| (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 2014.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
31 MARCH 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2015 (cont'd)

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|--|---------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year - To-Date | Preceding Year Corresponding Period |
| | 31/03/2015 RM'000 | 31/03/2014 RM'000 | 31/03/2015 RM'000 | 31/03/2014 RM'000 |
| Profit for the period | 56,295 | 54,746 | 164,273 | 153,060 |
| Foreign currency translation differences for foreign operations | 11,632 | (88) | 25,092 | 5,386 |
| (Loss)/Gain on fair value of available-for-sale financial assets | (6,065) | - | 38,698 | - |
| Reversal of fair value reserve upon disposal of available-for-sale financial asset | (14) | - | (14) | |
| Total comprehensive income for the period | 61,848 | 54,658 | 228,049 | 158,446 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 51,585 | 45,754 | 193,597 | 129,410 |
| Non-controlling interests | 10,263 | 8,904 | 34,452 | 29,036 |
| Total comprehensive income for the period | 61,848 | 54,658 | 228,049 | 158,446 |

(NI)

Hume Concrete Sdn Bhd (formerly known as Hume Industries (Malaysia) Sdn Bhd) ("HCCT") has ceased to be a subsidiary of the Company following the completion of the corporate exercise of HLI during the preceding quarter. The results of HCCT and its subsidiaries have been separately disclosed as discontinued operation.

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 2014.

HONG LEONG INDUSTRIES BERHAD (5486-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

| | As At End of Current Quarter | As At End of Preceding Financial Year |
|--|---------------------------------|---|
| | 31/03/2015 RM'000 | 30/06/2014 RM'000 |
| ASSETS | | |
| Property, plant and equipment | 380,067 | 382,158 |
| Investment properties | 4,000 | 4,000 |
| Investments in associated companies | 387,901 | 346,464 |
| Other investments | 70,246 | 547,963 |
| Intangible assets | 15,947 | 16,501 |
| Deferred tax assets | 13 | 13 |
| Tax credit receivables | 2,729 | 4,582 |
| TOTAL NON-CURRENT ASSETS | 860,903 | 1,301,681 |
| Inventories | 222,336 | 180,442 |
| Trade and other receivables | 394,464 | 382,757 |
| Current tax assets | 11,908 | 36,728 |
| Derivative financial assets | 239 | 2 |
| Cash and cash equivalents | 340,925 | 196,410 |
| | 969,872 | 796,339 |
| Assets pending distribution | - | 316,468 |
| TOTAL CURRENT ASSETS | 969,872 | 1,112,807 |
| TOTAL ASSETS | 1,830,775 | 2,414,488 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | |
| Share capital | 163,953 | 163,953 |
| Reserves | 1,090,806 | 1,160,954 |
| Treasury shares - at cost | (63,318) | (63,318) |
| | 1,191,441 | 1,261,589 |
| NON-CONTROLLING INTERESTS | 130,145 | 114,929 |
| TOTAL EQUITY | 1,321,586 | 1,376,518 |
| LIABILITIES | | |
| Borrowings (unsecured) | 50,000 | 50,000 |
| Deferred tax liabilities | 7,529 | 7,629 |
| Deferred income | 2,358 | 4,375 |
| Employee benefits | 22,453 | 21,151 |
| TOTAL NON-CURRENT LIABILITIES | 82,340 | 83,155 |
| Trade and other payables | 278,692 | 286,495 |
| Borrowings (unsecured) | 123,022 | 572,742 |
| Derivative financial liabilities | 1,799 | 525 |
| Tax payable | 23,336 | 15,385 |
| | 426,849 | 875,147 |
| Liabilities pending distribution | - | 79,668 |
| TOTAL CURRENT LIABILITIES | 426,849 | 954,815 |
| TOTAL LIABILITIES | 509,189 | 1,037,970 |
| TOTAL EQUITY AND LIABILITIES | 1,830,775 | 2,414,488 |
| Net assets per share attributable to owners of the Company (RM) | 3.86 | 4.09 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2014.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

| | ←----- Attributable to owners of the Company -----→ | | | | | | | | | | |
|--|---|---------------|-------------------------------|----------------|------------------------|--------------------------------|-----------------|-------------------|-----------|---------------------------|--------------|
| | ←----- Non-distributable -----→ | | | | | | | Distributable | | Non-controlling interests | Total equity |
| | Share capital | Share premium | Exchange equalisation reserve | Other reserves | Reserve for own shares | Executive share scheme reserve | Treasury shares | Retained earnings | Total | | |
| 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 2015 | | | | | | | | | | | |
| At 1 July 2014 | 163,953 | 387,038 | 2,998 | 21,482 | (41,459) | 293 | (63,318) | 790,602 | 1,261,589 | 114,929 | 1,376,518 |
| Profit for the period | - | - | - | - | - | - | - | 129,821 | 129,821 | 34,452 | 164,273 |
| Other comprehensive income | | | | | | | | | | | |
| - Foreign currency translation differences | - | - | 25,092 | - | - | - | - | - | 25,092 | - | 25,092 |
| - Gain on fair value of available-for-sale financial assets | - | - | - | 38,698 | - | - | - | - | 38,698 | - | 38,698 |
| - Reversal of fair value reserve upon disposal of available-for-sale financial asset | - | - | - | (14) | - | - | - | - | (14) | - | (14) |
| Total comprehensive income for the period | - | - | 25,092 | 38,684 | - | - | - | 129,821 | 193,597 | 34,452 | 228,049 |
| Dividends | - | - | - | - | - | - | - | (37,003) | (37,003) | (19,242) | (56,245) |
| Share-based payments | - | - | - | - | - | 910 | - | - | 910 | 9 | 919 |
| Capital distribution | - | (234,085) | - | - | 8,146 | - | - | - | (225,939) | - | (225,939) |
| Disposal of subsidiary companies | - | - | - | - | - | - | - | (1,713) | (1,713) | - | (1,713) |
| Redemption of redeemable preference shares in a subsidiary company | - | - | - | - | - | - | - | - | - | (3) | (3) |
| Total transactions with owners of the Company | - | (234,085) | - | - | 8,146 | 910 | - | (38,716) | (263,745) | (19,236) | (282,981) |
| Transfer to capital reserve | - | - | - | 122 | - | - | - | (122) | - | - | - |
| At 31 March 2015 | 163,953 | 152,953 | 28,090 | 60,288 | (33,313) | 1,203 | (63,318) | 881,585 | 1,191,441 | 130,145 | 1,321,586 |

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 2015

| | Attributable to owners of the Company | | | | | | | Retained earnings | Total | Non-controlling interests | Total equity |
|--|---------------------------------------|---------------|-------------------------------|----------------|------------------------|--------------------------------|-----------------|-------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Exchange equalisation reserve | Other reserves | Reserve for own shares | Executive share scheme reserve | Treasury shares | | | | |
| | 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 2014 | | | | | | | | | | | |
| At 1 July 2013 | 163,953 | 387,038 | 1,772 | 20,624 | (41,459) | - | (63,318) | 701,042 | 1,169,652 | 113,166 | 1,282,818 |
| Profit for the period | - | - | - | - | - | - | - | 124,024 | 124,024 | 29,036 | 153,060 |
| Other comprehensive income | | | | | | | | | | | |
| - Foreign currency translation differences | - | - | 5,386 | - | - | - | - | - | 5,386 | - | 5,386 |
| Total comprehensive income for the period | - | - | 5,386 | - | - | - | - | 124,024 | 129,410 | 29,036 | 158,446 |
| Dividends | - | - | - | - | - | - | - | (30,835) | (30,835) | (16,183) | (47,018) |
| Share-based payments | - | - | - | - | - | 195 | - | - | 195 | - | 195 |
| Total transactions with owners of the Company | - | - | - | - | - | 195 | - | (30,835) | (30,640) | (16,183) | (46,823) |
| Transfer to capital reserve | - | - | - | 541 | - | - | - | (541) | - | - | - |
| At 31 March 2014 | 163,953 | 387,038 | 7,158 | 21,165 | (41,459) | 195 | (63,318) | 793,690 | 1,268,422 | 126,019 | 1,394,441 |

Dividends received by the trust set up for the Executive Share Scheme ("ESS") ("ESS Trust") amounted to RM1,334,000 (2013/2014: 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 2014.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2015

| | Current Year- To-Date | Preceding Year Corresponding Period |
|---|--------------------------|---|
| | 31/03/2015 RM'000 | 31/03/2014 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | | |
| - From continuing operations | 230,447 | 176,335 |
| - From discontinued operation | 1,351 | 3,610 |
| | <u>231,798</u> | <u>179,945</u> |
| Adjustments for:- | | |
| Share of profit in associated companies, net of tax | (27,260) | (30,817) |
| Depreciation and amortisation | 42,556 | 38,091 |
| Dividend income | (10,202) | (35,887) |
| Non cash items | (18,718) | (9,942) |
| Net financing costs | 6,908 | 43,106 |
| Operating profit before changes in working capital | <u>225,082</u> | <u>184,496</u> |
| Changes in working capital | | |
| Net change in current assets | (57,830) | (35,623) |
| Net change in current liabilities | (14,222) | (16,133) |
| Taxation paid | (34,830) | (36,578) |
| Net financing costs paid | (6,908) | (43,106) |
| Dividend received | 19,812 | 42,457 |
| Retirement benefits paid | (81) | (135) |
| Net cash generated from operating activities | <u>131,023</u> | <u>95,378</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant & equipment | (40,504) | (33,520) |
| Proceeds from disposal of property, plant & equipment | 1,465 | 11,103 |
| Proceeds from redemption of investment in unit trust | 548,175 | - |
| Proceeds from disposal of quoted investment | 17 | - |
| Proceeds from redemption of redeemable preference shares in an associated company | 5,360 | - |
| Redemption of redeemable preference shares by non-controlling shareholder of a subsidiary company | (3) | - |
| Cash contribution from an associate company | 78 | 360 |
| Net cash generated from/(used in) investing activities | <u>514,588</u> | <u>(22,057)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to owners of the Company | (37,003) | (30,835) |
| Dividend paid to non-controlling shareholders of subsidiary companies | (19,242) | (16,183) |
| Drawdown of borrowings | 324,181 | 344,269 |
| Repayment of borrowings | (771,901) | (382,070) |
| Net cash used in financing activities | <u>(503,965)</u> | <u>(84,819)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 141,646 | (11,498) |
| CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD | 196,410 | 354,347 |
| EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD | 2,869 | 1,027 |
| CASH & CASH EQUIVALENTS AT END OF PERIOD | <u>340,925</u> | <u>343,876</u> |

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

| | 31/03/2015 RM'000 | 31/03/2014 RM'000 |
|----------------------------------|----------------------|----------------------|
| Deposits, cash and bank balances | 340,925 | 343,876 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2014.

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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 2014. 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 2014.

The Group has adopted the MFRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2014 and 1 July 2014 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

During the financial year-to-date, the share premium reserve of the Company was reduced from RM387.0 million to RM152.9 million pursuant to the capital reduction of HLI.

Save for the above, 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 2015 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 2015, 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 12.0 sen per share tax exempt amounting to RM38.3 million on 10 December 2014.

8. **Operating Segments**

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

| | Consumer products | Industrial products | Industrial products (Discontinued Operation) | Total |
|---|----------------------|------------------------|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment profit | 164,787 | 13,935 | 1,726 | 180,448 |
| Included in the measure of segment profit are: | | | | |
| Revenue from external customers | 1,148,585 | 455,834 | 66,627 | 1,671,046 |
| Depreciation and amortisation | 32,288 | 9,196 | 935 | 42,419 |
| Reconciliation of reportable segment profit | | | | |
| Profit | | | | |
| Reportable segment | | | | 180,448 |
| Non-reportable segment | | | | 30,998 |
| Profit from discontinued operation | | | | (1,726) |
| Interest income | | | | 2,057 |
| Finance costs | | | | (8,590) |
| Share of profit in associated companies, net of tax | | | | 27,260 |
| Consolidated profit before taxation | | | | 230,447 |
| – Continuing operations | | | | 230,447 |
| | | | External revenue RM'000 | Depreciation and amortisation RM'000 |
| Reportable segment | | | 1,671,046 | 42,419 |
| Non-reportable segment | | | 6,679 | 137 |
| Discontinued operation | | | (66,627) | (935) |
| Total | | | 1,611,098 | 41,621 |

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; and
- (c) Century Touch Sdn Bhd, a 70% indirect-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) MZ Motorrad Group Limited ("MZB"), a wholly-owned subsidiary of the Company incorporated in Bermuda, has been placed under member's voluntary winding-up. Mrs Alison Dyer-Fagundo of Ableby (Bermuda) Limited, Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda had been appointed as liquidator of MZB.

11. Review of Performance

Following the completion of the corporate exercise in the preceding quarter, the results of Hume Concrete Sdn Bhd (formerly known as Hume Industries (Malaysia) Sdn Bhd) and its subsidiaries have been separately disclosed as discontinued operation ("Discontinued Operation").

For the quarter under review, the Group (excluding Discontinued Operation) recorded a revenue of RM551.1 million and profit before taxation ("PBT") of RM68.3 million as compared with a revenue and PBT of RM506.3 million and RM62.4 million respectively for the corresponding quarter of the preceding year ended 30 June 2014 ("FY 2014"). The improvement in PBT was mainly attributable to favourable sales mix and lower production costs for our consumer products segment. The PBT for the corresponding quarter of FY 2014 was inclusive of a gain of RM6.8 million arising from the disposal of a piece of property.

For the financial year-to-date, the Group (excluding Discontinued Operation) recorded a revenue of RM1,611.1 million and PBT of RM230.4 million as compared with a revenue and PBT of RM1,522.2 million and RM176.3 million respectively for the corresponding period of FY 2014. The higher PBT of the Group was mainly attributable to the higher sales recorded by our consumer products segment and lower production costs, 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 (excluding Discontinued Operation) recorded a PBT of RM68.3 million as compared with a PBT of RM87.2 million recorded in the preceding quarter. The lower PBT was mainly due to lower sales volume and unfavourable sales mix for our consumer products segment compared with the preceding quarter.

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13. **Prospects**

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the financial year ending 30 June 2015.

14. **Profit forecast / profit guaranteed**

This note is not applicable.

15. **Profit before taxation**

| | Current Year Quarter | Current Year To-date |
|--|-------------------------|-------------------------|
| | 31/03/2015 RM'000 | 31/03/2015 RM'000 |
| Continuing operations | | |
| Profit before taxation is arrived at after charging/(crediting) :- | | |
| Gross dividend income from other investments | (2,324) | (10,202) |
| Depreciation and amortisation | 14,072 | 41,621 |
| Impairment loss on trade receivables | 183 | 189 |
| Inventories written down | 1,882 | 2,479 |
| Loss on foreign exchange | 1,273 | 1,724 |
| Fair value loss on derivative instruments | 827 | 1,037 |
| Gain on disposal of a property or quoted investments | (14) | (884) |
| Impairment of property, plant and equipment | - | - |
| <hr/> | | |
| Discontinued operation | | |
| Profit is arrived at after charging/(crediting) :- | | |
| Gross dividend income from other investments | (1) | (4) |
| Depreciation and amortisation | 229 | 935 |
| Reversal of impairment loss on trade receivables | (467) | (231) |
| Inventories written (back)/down | (19) | 1,082 |
| (Gain)/loss on foreign exchange | (10) | 30 |
| Fair value gain on derivative instruments | - | - |
| Gain on disposal of quoted/unquoted investments or properties | - | - |
| Impairment of property, plant and equipment | - | - |
| <hr/> | | |

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16. **Taxation**

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|--|--------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year- to-date | Preceding Year Corresponding Period |
| | 31/03/2015 RM'000 | 31/03/2014 RM'000 | 31/03/2015 RM'000 | 31/03/2014 RM'000 |
| Current taxation | | | | |
| Malaysian - current year | 11,957 | 9,446 | 42,037 | 26,250 |
| - prior years | - | (22) | 25,215 | 43 |
| Overseas - current year | 4 | 29 | 35 | 101 |
| - prior years | - | - | - | - |
| | <u>11,961</u> | <u>9,453</u> | <u>67,287</u> | <u>26,394</u> |
| Deferred taxation | | | | |
| Malaysian - current year | - | (1,445) | - | (229) |
| - prior years | - | - | (100) | 15 |
| | <u>-</u> | <u>(1,445)</u> | <u>(100)</u> | <u>(214)</u> |
| Income tax attributable to continuing operations | 11,961 | 8,008 | 67,187 | 26,180 |
| Income tax attributable to discontinued operation | - | 137 | 338 | 705 |
| | <u>11,961</u> | <u>8,145</u> | <u>67,525</u> | <u>26,885</u> |

The Group's effective tax rate for the financial year-to-date are higher than the statutory tax rate mainly due to a tax adjustment of RM23.9 million in respect of taxation under provided for in the previous financial years due to a portion of the interest cost incurred by the Company during the period is not allowed as tax deductions by the Malaysian Inland Revenue Board.

17. **Corporate Proposals**

There are no corporate proposals announced but not completed as at the date of this report.

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

Particulars of the Group's borrowings and debt securities as at 31 March 2015 are as follows:-

| | |
|-------------------------------------|----------------|
| | RM'000 |
| (i) Unsecured short term borrowings | 123,022 |
| (ii) Unsecured long term borrowings | 50,000 |
| | <u>173,022</u> |

There were no borrowings denominated in foreign currencies as at 31 March 2015.

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 17.0 sen per share tax exempt for the financial year ending 30 June 2015 (2013/2014 : second interim dividend of 15.0 sen per share tax exempt) to be paid on 26 May 2015 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 11 May 2015.

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 May 2015 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 29.0 sen per share tax exempt (2013/2014: 25.0 sen per share tax exempt) has 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 RM46,032,000 (3rd quarter 2013/2014: RM45,842,000) by the weighted average number of ordinary shares during the quarter of 308,356,000 (3rd quarter 2013/2014: 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 RM129,821,000 (2013/2014: RM124,024,000) by the weighted average number of ordinary shares during the period of 308,356,000 (2013/2014: 308,356,000).

Weighted average number of ordinary shares

| | Individual Quarter | | Cumulative Quarter | |
|--|---|---|--|---|
| | Current Year Quarter 31/03/2015 '000 | Preceding Year Corresponding Quarter 31/03/2014 '000 | Current Year- To- Date 31/03/2015 '000 | Preceding Year Corresponding Period 31/03/2014 '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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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 |
|---|---------------------------------|---|
| | 31/03/2015 RM'000 | 30/06/2014 RM'000 |
| Total retained earnings of the Company and its subsidiaries:- | | |
| - realised | 958,841 | 872,540 |
| - unrealised | (8,533) | (10,427) |
| | <u>950,308</u> | <u>862,113</u> |
| Total share of retained earnings of associated companies: | | |
| - realised | 111,244 | 86,782 |
| - unrealised | 4,087 | 2,983 |
| | <u>115,331</u> | <u>89,765</u> |
| Less: Consolidation adjustments | (184,054) | (161,276) |
| Group retained earnings | <u>881,585</u> | <u>790,602</u> |

By Order of the Board
Hong Leong Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
21 April 2015