



# Hong Leong Industries

A Member of the Hong Leong Group

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

### CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	30/06/2012 RM'000	30/06/2011 RM'000	30/06/2012 RM'000	30/06/2011 RM'000
<b>Revenue</b>	584,547	537,429	2,172,624	1,803,233
Cost of sales	(454,261)	(425,932)	(1,771,485)	(1,475,742)
<b>Gross profit</b>	130,286	111,497	401,139	327,491
Operating expenses	(73,900)	(65,660)	(211,466)	(147,649)
Other operating income	9,025	15,322	24,812	58,473
<b>Operating profit</b>	65,411	61,159	214,485	238,315
Interest income	1,005	1,086	3,049	2,992
Finance costs	(8,795)	(4,961)	(37,077)	(21,310)
Share of profit of associated companies	4,120	3,966	32,448	36,549
<b>Profit before taxation</b>	61,741	61,250	212,905	256,546
Taxation	(20,955)	2,474	(45,681)	(29,690)
<b>Profit from continuing operations</b>	40,786	63,724	167,224	226,856
<b>Discontinued Operation (NI)</b>				
Profit from discontinued operation, net of tax	-	4,566	-	74,998
<b>Profit for the period</b>	40,786	68,290	167,224	301,854
<b>Profit attributable to:</b>				
Owners of the Company	31,352	54,945	132,004	219,379
Non-controlling interests	9,434	13,345	35,220	82,475
<b>Profit for the period</b>	40,786	68,290	167,224	301,854
<b>Earnings per ordinary share (sen) :-</b>				
(a) Basic (N2)	10.17	12.57	42.81	70.62
(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 2011.

## HONG LEONG INDUSTRIES BERHAD (5486-P)

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To-Date	Preceding Year Corresponding Period
	30/06/2012 RM'000	30/06/2011 RM'000	30/06/2012 RM'000	30/06/2011 RM'000
<b>Profit for the period</b>	40,786	68,290	167,224	301,854
Foreign currency translation differences for foreign operations	13,798	(18,926)	18,207	(47,258)
Fair value gain/(loss) on available-for-sale financial assets	8,041	(1,925)	1,642	(1,925)
<b>Total comprehensive income for the period</b>	<b>62,625</b>	<b>47,439</b>	<b>187,073</b>	<b>252,671</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	53,210	33,164	151,921	172,282
Non-controlling interests	9,415	14,275	35,152	80,389
<b>Total comprehensive income for the period</b>	<b>62,625</b>	<b>47,439</b>	<b>187,073</b>	<b>252,671</b>

(N1)

Malaysian Pacific Industries Berhad ("MPI") ceased to be a subsidiary of the Company at the end of the previous financial year ended 30.06.2011 ("MPI Demerger").

(N2)

The weighted average number of HLI Shares (net of treasury shares and Trust Shares) used in the calculation of basic earnings per ordinary shares for the quarter under review/financial year to date are 308,356,000 shares (corresponding quarter 2010/2011: 437,120,000 shares; corresponding period 2010/2011: 310,634,000 shares).

**The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2011.**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012**

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/06/2012 RM'000	30/06/2011 RM'000
<b>ASSETS</b>		
Property, plant and equipment	405,514	451,009
Investments properties	2,231	17,231
Investments in associated companies	389,962	374,985
Available-for-sale financial assets	471,109	172,993
Intangible assets	14,347	12,179
Deferred tax assets	8,609	8,960
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,291,772</b>	<b>1,037,357</b>
Inventories	220,747	196,082
Trade and other receivables	446,595	403,108
Tax recoverable	14,417	21,433
Assets held for sale	48,030	-
Derivative financial assets	439	228
Cash and cash equivalents	215,617	376,155
<b>TOTAL CURRENT ASSETS</b>	<b>945,845</b>	<b>997,006</b>
<b>TOTAL ASSETS</b>	<b>2,237,617</b>	<b>2,034,363</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	163,953	163,953
Reserves	1,081,135	997,110
Treasury shares - at cost	(63,318)	(63,318)
	1,181,770	1,097,745
<b>NON-CONTROLLING INTERESTS</b>	<b>102,767</b>	<b>114,157</b>
<b>TOTAL EQUITY</b>	<b>1,284,537</b>	<b>1,211,902</b>
<b>LIABILITIES</b>		
Borrowings (unsecured)	418,663	120,000
Deferred tax liabilities	10,414	13,253
Retirement benefits	17,809	15,779
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>446,886</b>	<b>149,032</b>
Trade and other payables	346,041	314,025
Borrowings (unsecured)	144,731	344,846
Derivative financial liabilities	2,285	-
Tax payable	13,137	14,558
<b>TOTAL CURRENT LIABILITIES</b>	<b>506,194</b>	<b>673,429</b>
<b>TOTAL LIABILITIES</b>	<b>953,080</b>	<b>822,461</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,237,617</b>	<b>2,034,363</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>3.83</b>	<b>3.56</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 2011

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

	←..... Attributable to owners of the Company.....→						Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Reserve for own shares RM'000	Treasury shares RM'000	Distributable Retained profits RM'000	
<b>Current year-to-date ended</b>							
<b>30 June 2012</b>	163,953	387,096	(85,932)	(41,459)	(63,318)	737,405	1,097,745
<b>At 1 July 2011</b>	-	-	-	-	-	132,004	132,004
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income	-	-	18,275	-	-	-	18,275
- Foreign currency translation differences	-	-	1,642	-	-	-	1,642
- Gain on fair value adjustments	-	-	19,917	-	-	132,004	151,921
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(67,838)	(67,838)
Dividends	-	(58)	-	-	-	-	(58)
Share issue expenses	-	-	-	-	-	-	-
Liquidation of a subsidiary	-	-	-	-	-	-	-
<b>Total distribution to owners</b>	-	(58)	-	-	-	(67,838)	(67,896)
Transfer to capital redemption reserve	-	-	130	-	-	(130)	-
<b>At 30 June 2012</b>	163,953	387,038	(65,885)	(41,459)	(63,318)	801,441	1,181,770
							102,767
							1,284,537

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012 (Cont'd)**

	Attributable to owners of the Company							Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Reserve for own shares RM'000	Share option reserve RM'000	Treasury shares RM'000	Distributable Retained profits RM'000	
Preceding year corresponding period ended 30 June 2011	140,573	586,926	(57,748)	(54,374)	442	(63,318)	835,850	1,388,351
At 1 July 2010	-	-	4	-	-	-	(398)	638,094
Adoption of FRS 139	140,573	586,926	(57,744)	(54,374)	442	(63,318)	835,452	1,387,957
Profit for the period	-	-	-	-	-	-	219,379	219,379
Other comprehensive income	-	-	-	-	-	-	-	82,475
- Foreign currency translation differences	-	-	(45,172)	-	-	-	-	(2,086)
- Loss on fair value adjustments	-	-	(1,925)	-	-	-	-	(47,258)
<b>Total comprehensive income for the period</b>	-	-	(47,097)	-	-	-	219,379	172,282
	-	-	-	-	-	-	637,959	2,025,916
	-	-	-	-	-	-	-	(529)
	-	-	-	-	-	-	-	2,026,445

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012 (Cont'd)**

	Attributable to owners of the Company										Non-controlling interests	Total equity
	←	←					→					
	Share capital	Share premium	Other reserves	Reserve for own shares	Share option reserve	Treasury shares	Distributable Retained profits	Total	Non-controlling 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	
<b>Total comprehensive income for the period (Cont'd)</b>												
Dividends	-	-	-	-	-	-	(72,989)	(72,989)	(94,116)	(167,105)		
Share-based payments	-	-	(4,182)	-	(442)	-	442	(4,182)	(3,014)	(7,196)		
Issue of shares	23,380	211,820	-	-	-	-	-	235,200	-	235,200		
Renounceable rights issue	79,868	151,749	-	-	-	-	-	231,617	-	231,617		
Capital reduction	(79,868)	(562,151)	-	-	-	-	-	(642,019)	-	(642,019)		
Share issue expenses	-	(1,248)	-	-	-	-	-	(1,248)	-	(1,248)		
Demerger of a subsidiary	-	-	21,809	-	-	-	(243,502)	(221,693)	(506,968)	(728,661)		
Purchase of trust share	-	-	-	(7,995)	-	-	-	(7,995)	-	(7,995)		
Cancellation of trust shares	-	-	-	20,730	-	-	-	20,730	-	20,730		
Exercise of trust shares	-	-	-	180	-	-	-	180	-	180		
<b>Total distribution to owners</b>	23,380	(199,830)	17,627	12,915	(442)	-	(316,049)	(462,399)	(604,098)	(1,066,497)		
Change in equity in a subsidiary	-	-	-	-	-	-	-	-	(628)	(628)		
Transfer of capital reserves	-	-	883	-	-	-	(883)	-	-	-		
Transfer to capital redemption reserve	-	-	494	-	-	-	(494)	-	-	-		
Other reserve movements	-	-	(95)	-	-	-	-	(95)	-	(95)		
Shares issued by a subsidiary	-	-	-	-	-	-	-	-	535	535		
<b>At 30 June 2011</b>	163,953	387,096	(85,932)	(41,459)	-	(63,318)	737,405	1,097,745	114,157	1,211,902		

**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 2011**

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

	Current Year- To-Date 30/06/2012 RM'000	Preceding Year Corresponding Period 30/06/2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
- From continuing operations	212,905	256,546
- From discontinued operations	-	83,658
	<u>212,905</u>	<u>340,204</u>
Adjustments for:-		
Share of profit of associated companies	(32,448)	(36,549)
Depreciation and amortisation	52,846	234,463
Non cash items	(40,482)	(54,537)
Net financing costs	34,028	23,022
Operating profit before changes in working capital	<u>226,849</u>	<u>506,603</u>
Changes in working capital		
Net change in current assets	(57,575)	(30,119)
Net change in current liabilities	50,028	(12,015)
Taxation paid	(42,577)	(39,536)
Net financing costs paid	(34,028)	(23,022)
Dividend received	27,582	27,560
Retirement benefits paid	(340)	(390)
<b>Net cash generated from operating activities</b>	<u>169,939</u>	<u>429,081</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(34,187)	(299,493)
Proceeds from disposal of property, plant & equipment	12,864	63,598
Acquisition of available-for-sale financial assets	(295,151)	(162,003)
Cash distribution to non-controlling shareholder of a subsidiary	(7,200)	-
Acquisition of a subsidiary, net of cash and cash equivalent acquired	-	42,761
Demerger of discontinued operations, net cash and cash equivalent disposed	-	(67,421)
Issue of shares by a subsidiary company to non controlling shareholder	-	538
<b>Net cash used in investing activities</b>	<u>(323,674)</u>	<u>(422,020)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to owners of the Company	(67,838)	(72,989)
Dividend paid to non-controlling shareholders of subsidiaries	(39,342)	(94,116)
Drawdown of borrowings	623,854	547,086
Repayment of borrowings	(525,362)	(654,946)
Shares issue expenses	(58)	(1,248)
Purchase of Trust Shares	-	(6,452)
Renounceable rights issue	-	223,538
<b>Net cash used in financing activities</b>	<u>(8,746)</u>	<u>(59,127)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(162,481)</u>	<u>(52,066)</u>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	376,155	429,160
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	1,943	(939)
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<u>215,617</u>	<u>376,155</u>

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

	30/06/2012 RM'000	30/06/2011 RM'000
Deposits, cash and bank balances	215,617	376,155
	<u>215,617</u>	<u>376,155</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2011

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

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards (“FRS”) 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 2011.

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 2011 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSS, Amendments to FRSS and IC Interpretations that are effective for the financial periods beginning on or after 1 January 2011 and 1 July 2011 respectively.

The adoption of relevant FRSS, Amendments to FRSS and IC Interpretations are not expected to have any significant 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 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 June 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 June 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**

The Company has paid the following dividends during the current financial year-to-date:-

	<b>Current year-to-date RM'000</b>
First interim dividend of 4.0 sen per share less tax and 7.0 sen per share tax exempt, paid on 22 December 2011	31,947
Second interim dividend of 12 sen per share tax exempt, paid on 8 June 2012	38,337
	<u>70,284</u>

**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>	132,879	46,944	179,823

Included in the measure of segment profit are:

Revenue from external customers	2,153,056
Depreciation and amortisation	52,552

**Reconciliation of reportable segment profit**

**Profit**

Reportable segment	179,823
Non-reportable segment	34,662
Interest income	3,049
Finance costs	(37,077)
Share of profit of associated companies	32,448
Consolidated profit before taxation	<u>212,905</u>

	<b>External revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>
Reportable segment	2,153,056	52,552
Non-reportable segment	19,568	294
<b>Total</b>	<u>2,172,624</u>	<u>52,846</u>

**9. Valuations of property, plant and equipment**

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

**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.

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**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:

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.

**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 of RM584.5 million and profit before taxation ("PBT") of RM61.7 million as compared with a revenue of RM537.4 million and PBT of RM61.2 million recorded in the corresponding quarter of the preceding year ended 30 June 2011 ("FY 2011").

For the financial year-to-date, the Group recorded a revenue of RM2,172.6 million and PBT of RM212.9 million as compared with a revenue of RM1,803.2 million and PBT of RM256.5 million in the corresponding period of FY 2011.

The aforesaid revenue and PBT for the corresponding quarter and period of FY 2011 were not inclusive of the results of Malaysian Pacific Industries Berhad ("MPI") which were disclosed separately under the caption "Discontinued Operations". MPI ceased to be a subsidiary of the Company at the end of FY 2011.

Included in the quarter under review and financial year-to-date were a gain of RM23.5 million which arose from the revaluation of an investment property and a loss of RM 19.7 million resulted from the cessation of operations of the Group's ceramic tiles factory located in Vietnam. Included in the PBT for the corresponding period were a gain of RM46.7 million which arose from the disposal of a property and a negative goodwill on the acquisition of the entire equity interest in Hume Industries (Malaysia) Sdn Bhd.

There were no material changes to the businesses of the Group except for the motorcycle business which was affected by the disruption of imported parts from Thailand during the period of November 2011 to January 2012, which had since recovered.

The industrial products segment continued to perform satisfactorily. The segment registered a decline in margins and consequently PBT was lower by 14.5%, predominantly driven by higher production cost as well as a stronger Ringgit Malaysia which has impacted the export revenue adversely.

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

For the quarter under review, the Group recorded a PBT of RM61.7 million as compared with a PBT of RM48.9 million recorded in the preceding quarter.

The higher PBT for the Group was generally in line with the higher sales recorded during the quarter as both consumer products segment and industrial products segment continued to perform satisfactorily during the quarter under review. Included in the current quarter under review were a gain of RM23.5 million which arose from the revaluation of an investment property and a loss of RM 19.7 million resulted from the cessation of operations of the Group's ceramic tiles factory located in Vietnam.

**15. Prospects**

The Group's building material business is expected to benefit from the increased demand from the continued roll-out of infrastructure projects under the 10<sup>th</sup> Malaysian Plan and Economic Transformation Programme.

Barring any unforeseen circumstances, the Board expects the Group's performance for both the consumer products segment and industrial products segment to be satisfactory in FY 2013.

**16. Profit forecast / profit guaranteed**

This note is not applicable.

**17. Profit before taxation**

	Current Year Quarter	Current Year To-date
	30/06/2012 RM'000	30/06/2012 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(9,576)	(22,195)
Depreciation and amortisation	13,171	52,846
Reversal of impairment loss on trade receivables	(5,236)	(7,383)
Inventories written off/(back)	1,759	(826)
Gain on foreign exchange	(2,802)	(5,994)
Fair value loss on derivative instruments	1,400	2,074
Fair value gain of investment property	(23,513)	(23,513)
Negative goodwill realised on liquidation of a subsidiary	-	(1,120)
Impairment of property, plant and equipment	12,797	12,797
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	-

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18. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Period
	30/06/2012 RM'000	30/06/2011 RM'000	30/06/2012 RM'000	30/06/2011 RM'000
Continuing operations				
Current taxation				
Malaysian - current year	18,816	(2,365)	40,563	28,042
- prior years	7,495	(1,237)	7,544	(1,106)
Overseas - current year	25	-	62	-
	<u>26,336</u>	<u>(3,602)</u>	<u>48,169</u>	<u>26,936</u>
Deferred taxation				
Malaysian - current year	(3,447)	1,234	(1,701)	2,974
- prior years	(1,934)	(106)	(787)	(220)
	<u>(5,381)</u>	<u>1,128</u>	<u>(2,488)</u>	<u>2,754</u>
Taxation attributable to continuing operations	20,955	(2,474)	45,681	29,690
Taxation attributable to discontinued operations	-	957	-	8,660
	<u>20,955</u>	<u>(1,517)</u>	<u>45,681</u>	<u>38,350</u>

The Group's effective tax rate for the quarter under review was higher than the statutory tax rate mainly due to a tax under provided for in prior year in one of the subsidiaries of the Group.

19. **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 proposes to undertake the following:

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

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

The Proposed Termination is subject to the approval of the shareholders of HLI.

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**The figures have not been audited**

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

The Proposed New ESOS is subject to the following:

- (i) approval-in-principle of Bursa Malaysia Securities Berhad for the listing of and quotation for the new HLI shares to be issued pursuant to the exercise of the options under the Proposed New ESOS; and
- (ii) approval of the shareholders of HLI.

The Proposals are inter-conditional.

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

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

	<b>RM'000</b>
(i) Unsecured short term borrowings	144,731
(ii) Unsecured long term borrowings	418,663
	<u>563,394</u>

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

	<b>RM'000</b>
USD	60,000
VND	<u>1,683</u>

**21. Changes in Material Litigation**

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

**22. Dividend**

- (a) The Board does not recommend any final dividend for the financial year ended 30 June 2012 (2010/2011: nil).
- (b) For the financial year-to-date, a total dividend of 4.0 sen per share less tax and 19.0 sen per share tax exempt has been declared (2010/2011: 1.5 sen per share less tax and 19.0 sen per share tax exempt).

**23. Earnings Per Ordinary Share**

- (a) Basic earnings per ordinary share

The calculation of 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 RM31,352,000 (4<sup>th</sup> quarter 2010/2011: RM54,945,000) and the weighted average number of ordinary shares during the quarter of 308,356,000 (4<sup>th</sup> quarter 2010/2011: 437,120,000).

The calculation of 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 RM132,004,000 (2010/2011: RM219,379,000) and the weighted average number of ordinary shares during the period of 308,356,000 (2010/2011: 310,634,000).

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**The figures have not been audited**

**23. Earnings Per Ordinary Share (cont'd)**

(a) Basic earnings per ordinary share (cont'd)

*Weighted average number of ordinary shares*

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2012 '000	Preceding Year Corresponding Quarter 30/06/2011 '000	Current Year- To-Date 30/06/2012 '000	Preceding Year Corresponding Period 30/06/2011 '000
Issued ordinary shares at beginning of period	327,905	487,642	327,905	281,145
Treasury shares held at beginning of period	(8,432)	(8,433)	(8,432)	(8,432)
Trust Shares held at beginning of period	(11,117)	(16,676)	(11,117)	(11,140)
	308,356	462,533	308,356	261,573
Effect on increase of ordinary shares – HIMB Acquisition	-	-	-	16,526
Effect on issuance of right shares	-	-	-	40,262
Effect on ESOS Trust's subscription of right shares	-	-	-	(1,404)
Effect on capital reduction	-	(26,330)	-	(6,564)
Effect on exercise of ESOS and cancellation of Trust Shares	-	917	-	241
Weighted average number of ordinary shares (basic)	308,356	437,120	308,356	310,634

(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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**The figures have not been audited**

**24. 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	As At End of Preceding Financial Year
	30/06/2012 RM'000	30/06/2011 RM'000
Total retained profits of the Company and the subsidiaries:-		
- realised	362,378	279,410
- unrealised	18,966	(9,129)
	381,344	270,281
Total share of retained profits of associated companies:		
- realised	137,367	116,251
- unrealised	297	2,512
	137,664	118,763
Add: Consolidation adjustments	282,433	348,361
Group retained profits	801,441	737,405

By Order of the Board  
 Hong Leong Industries Berhad

Joanne Leong Wei Yin  
 Company Secretary

Kuala Lumpur  
 27 August 2012