

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2014

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Revenue	536,321	535,847	2,058,480	2,047,040
Cost of sales	(432,515)	(421,059)	(1,644,548)	(1,652,430)
Gross profit	103,806	114,788	413,932	394,610
Operating expenses	(48,696)	(47,911)	(191,997)	(190,232)
Other operating income	13,706	3,838	35,249	22,917
Operating profit	68,816	70,715	257,184	227,295
Interest income	689	737	2,601	2,402
Finance costs	(14,887)	(15,115)	(59,649)	(58,023)
Share of profit in associated companies	6,724	2,353	37,541	43,699
Profit before taxation	61,342	58,690	237,677	215,373
Taxation	(7,895)	(324)	(34,075)	(30,214)
Profit from continuing operations	53,447	58,366	203,602	185,159
Discontinued operation (NI)				
Profit from discontinued operation, net of tax	1,463	4,393	4,368	6,996
Profit for the period	54,910	62,759	207,970	192,155
Profit attributable to:				
Owners of the Company	43,478	50,121	167,502	147,591
Non-controlling interests	11,432	12,638	40,468	44,564
Profit for the period	54,910	62,759	207,970	192,155
Earnings per ordinary share (sen) :-				
(a) Basic	14.10	16.25	54.32	47.86
(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 FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2014 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To-Date	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Profit for the period	54,910	62,759	207,970	192,155
Foreign currency translation differences for foreign operations	(4,160)	1,762	1,226	2,532
Fair value gain on available-for-sale financial assets	4	1,134	4	5,522
Total comprehensive income for the period	50,754	65,655	209,200	200,209
Total comprehensive income attributable to:				
Owners of the Company	39,322	53,009	168,732	155,514
Non-controlling interests	11,432	12,646	40,468	44,695
Total comprehensive income for the period	50,754	65,655	209,200	200,209

(N1)

Pending the completion of Proposed Disposals and Proposed Capital Distribution pursuant to the corporate exercise as disclosed in Note 17, the results of Hume Concrete Sdn Bhd [formerly known as Hume Industries (Malaysia) Sdn Bhd] have been separately disclosed as discontinued operation during the quarter under review.

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 FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	As At End of Current Quarter 30/06/2014 RM'000	As At End of Preceding Financial Year 30/06/2013 RM'000
ASSETS		
Property, plant and equipment	382,158	416,300
Investment properties	4,000	2,231
Investments in associated companies	346,464	328,390
Other investments	547,963	706,291
Intangible assets	16,501	14,681
Deferred tax assets	13	8,292
Tax credit receivables	4,582	-
TOTAL NON-CURRENT ASSETS	1,301,681	1,476,185
Inventories	180,442	206,558
Trade and other receivables	378,557	425,869
Current tax assets	36,728	24,111
Derivative financial assets	2	1,691
Cash and cash equivalents	196,410	354,347
	792,139	1,012,576
Assets pending distribution	316,468	-
TOTAL CURRENT ASSETS	1,108,607	1,012,576
TOTAL ASSETS	2,410,288	2,488,761
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	163,953	163,953
Reserves	1,160,954	1,069,017
Treasury shares - at cost	(63,318)	(63,318)
	1,261,589	1,169,652
NON-CONTROLLING INTERESTS	114,929	113,166
TOTAL EQUITY	1,376,518	1,282,818
LIABILITIES		
Borrowings (unsecured)	50,000	697,663
Deferred tax liabilities	7,629	7,481
Deferred income	4,375	-
Employee benefits	21,151	19,838
TOTAL NON-CURRENT LIABILITIES	83,155	724,982
Trade and other payables	286,495	325,622
Borrowings (unsecured)	572,742	137,430
Derivative financial liabilities	525	1,458
Tax payable	15,385	16,451
	875,147	480,961
Liabilities pending distribution	75,468	-
TOTAL CURRENT LIABILITIES	950,615	480,961
TOTAL LIABILITIES	1,033,770	1,205,943
TOTAL EQUITY AND LIABILITIES	2,410,288	2,488,761
Net assets per share attributable to owners of the Company (RM)	4.09	3.79

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)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014

	Attributable to owners of the Company							Total equity		
	Share capital	Share premium	Exchange equalisation reserve	Other reserves	Reserve for own shares	Share option reserve	Treasury shares		Retained earnings	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 June 2014	163,953	387,038	1,772	20,624	(41,459)	-	(63,318)	701,042	113,166	1,282,818
At 1 July 2013	-	-	-	-	-	-	-	167,502	40,468	207,970
Profit for the period	-	-	1,226	-	-	-	-	-	-	1,226
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-
- Gain on fair value of available-for-sale financial assets	-	-	-	4	-	-	-	-	-	4
Total comprehensive income for the period	-	-	1,226	4	-	-	-	167,502	40,468	209,200
Dividends	-	-	-	-	-	-	-	(77,088)	(38,485)	(115,573)
Share-based payments	-	-	-	-	-	293	-	-	-	293
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	(220)	(220)
Total transactions with owners of the Company	-	-	-	-	-	293	-	(77,088)	(38,705)	(115,500)
Transfer to capital redemption reserve	-	-	-	854	-	-	-	(854)	-	-
At 30 June 2014	163,953	387,038	2,998	21,482	(41,459)	293	(63,318)	790,602	114,929	1,376,518

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014

	← Attributable to owners of the Company →									
	← Non-distributable →			Distributable						
	Share capital	Share premium	Exchange equalisation reserve	Other reserves	Reserve for own shares	Treasury shares	Retained earnings	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
Preceding year corresponding period ended 30 June 2013	163,953	387,038	18,275	14,950	(41,459)	(63,318)	621,441	1,100,880	102,767	1,203,647
At 1 July 2012	-	-	-	-	-	-	147,591	147,591	44,564	192,155
Profit for the period	-	-	2,401	-	-	-	-	2,401	131	2,532
Other comprehensive income	-	-	-	5,522	-	-	-	5,522	-	5,522
- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-
- Gain on fair value of available-for-sale financial assets	-	-	2,401	5,522	-	-	147,591	155,514	44,695	200,209
Total comprehensive income for the period	-	-	-	-	-	-	(67,838)	(67,838)	(27,739)	(95,577)
Dividends	-	-	(18,976)	-	-	-	-	(18,976)	268	(18,708)
Realisation of exchange equalisation reserve	-	-	72	-	-	-	-	72	-	72
- disposal of subsidiaries	-	-	-	-	-	-	-	-	(6,825)	(6,825)
- dissolution of a subsidiary	-	-	(18,904)	-	-	-	(67,838)	(86,742)	(34,296)	(121,038)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	152	-	-	(152)	-	-	-
Transfer to capital redemption reserve	-	-	-	-	-	-	-	-	-	-
At 30 June 2013	163,953	387,038	1,772	20,624	(41,459)	(63,318)	701,042	1,169,652	113,166	1,282,818

Dividends received by the trust set up for the Executive Share Scheme ("ESS") ("ESS Trust") amounted to RM2,780,000 (2012/2013: RM2,446,000) 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 FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2014

	Current Year- To-Date 30/06/2014 RM'000	Preceding Year Corresponding Period 30/06/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- From continuing operations	237,677	215,373
- From discontinued operation	5,543	8,554
	<u>243,220</u>	<u>223,927</u>
Adjustments for:-		
Share of profit in associated companies	(37,541)	(43,699)
Depreciation and amortisation	52,673	49,968
Dividend income	(40,560)	(42,870)
Non cash items	(22,402)	(11,818)
Net financing costs	57,641	55,364
Operating profit before changes in working capital	<u>253,031</u>	<u>230,872</u>
Changes in working capital		
Net change in current assets	(32,663)	(20,223)
Net change in current liabilities	7,584	55,858
Taxation paid	(48,380)	(40,768)
Net financing costs paid	(57,641)	(55,364)
Dividend received	71,431	53,020
Retirement benefits paid	(156)	(616)
Net cash generated from operating activities	<u>193,206</u>	<u>222,779</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(50,809)	(68,117)
Proceeds from disposal of property, plant & equipment	11,300	3,131
Cash distribution from an associate company	360	-
Net cash and cash equivalents pending distribution	(12,247)	-
Cash distribution to non-controlling shareholders of a subsidiary company	(220)	(6,825)
Proceeds from disposal of asset held for sale	-	51,558
Addition in other investments	-	(272,421)
Proceeds from disposal of other investments	-	31,290
Net cash outflow from disposal of subsidiary companies	-	(447)
Net cash outflow from dissolution of a subsidiary company	-	(38)
Net cash used in investing activities	<u>(51,616)</u>	<u>(261,869)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(77,088)	(67,838)
Dividend paid to non-controlling shareholders of subsidiaries	(38,485)	(27,739)
Drawdown of borrowings	551,825	552,521
Repayment of borrowings	(736,476)	(278,696)
Net cash (used in)/generated from financing activities	<u>(300,224)</u>	<u>178,248</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(158,634)</u>	<u>139,158</u>
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	354,347	215,617
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	697	(428)
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>196,410</u>	<u>354,347</u>

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

	30/06/2014 RM'000	30/06/2013 RM'000
Deposits, cash and bank balances	196,410	354,347

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.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

1. Basis of preparation

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

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

7. Dividend paid

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

	Current year-to-date RM'000
First interim dividend of 10.0 sen per share tax exempt, paid on 20 December 2013	31,947
Second interim dividend of 15.0 sen per share tax exempt, paid on 30 May 2014	47,921
	<u>79,868</u>

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	190,273	21,575	6,136	217,984

Included in the measure of segment profit are:

Revenue from external customers	1,483,589	537,925	216,038	2,237,552
Depreciation and amortisation	39,501	10,075	2,964	52,540

Reconciliation of reportable segment profit

Profit

Reportable segment	217,984
Non-reportable segment	45,336
Profit from discontinued operation	(6,136)
Interest income	2,601
Finance costs	(59,649)
Share of profit in associated companies	37,541
Consolidated profit before taxation	<u>37,541</u>
– Continuing operations	<u>237,677</u>

	External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	2,237,552	52,540
Non-reportable segment	36,966	133
Discontinued operation	(216,038)	(2,964)
Total	<u>2,058,480</u>	<u>49,709</u>

9. Material events not reflected in the financial statements

Except for the Corporate Proposals as disclosed in Note 17, there are no material subsequent events to be disclosed as at the date of this report.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2014

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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) RZA Logistics Sdn Bhd ("RZA"), a 59.1% owned subsidiary of the Company, has been placed under members' voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965. The liquidator of RZA has convened a Final Meeting to conclude the Members' Voluntary Liquidation of RZA and accordingly, RZA will be dissolved on 30 September 2014.

11. Review of Performance

Pending the completion of Proposed Disposals and Proposed Capital Distribution pursuant to the corporate exercise as disclosed in Note 17, the results of Hume Concrete Sdn Bhd [formerly known as Hume Industries (Malaysia) Sdn Bhd] have been separately disclosed as discontinued operation during the quarter under review ("Discontinued Operation").

For the quarter under review, the Group (excluding Discontinued Operation) recorded a revenue of RM536.3 million and profit before taxation ("PBT") of RM61.3 million as compared with a revenue and PBT of RM535.8 million and RM58.7 million respectively for the corresponding quarter of the preceding year ended 30 June 2013 ("FY 2013"). The increase in PBT was mainly due to higher profit contribution from associated companies, partly mitigated by higher production costs for our industrial products segment.

For the financial year-to-date, the Group (excluding Discontinued Operation) recorded a revenue of RM2,058.5 million and PBT of RM237.7 million as compared with a revenue and PBT of RM2,047.0 million and RM215.4 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 attributable to the higher profit contribution from our consumer products driven by higher average selling price 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 RM61.3 million as compared with a PBT of RM62.4 million recorded in the preceding quarter, mainly attributable to higher sales and favourable sales mix for our consumer products segment, partly offset by lower profit contribution from associated companies as compared with the preceding quarter. The PBT for the preceding quarter was inclusive of a gain of RM6.8 million arising from the disposal of a piece of property.

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 2015.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

14. **Profit forecast / profit guaranteed**

This note is not applicable.

15. **Profit before taxation**

	Current Year Quarter	Current Year To-date
	30/06/2014 RM'000	30/06/2014 RM'000
Continuing operations		
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(4,669)	(40,473)
Depreciation and amortisation	13,775	49,709
Reversal of impairment loss on trade receivables	(38)	(8)
Inventories written off	5,104	3,761
Gain on foreign exchange	(1,333)	(5,254)
Fair value loss on derivative instruments	209	756
Fair value gain on investment property	-	(1,769)
Loss/(gain) on disposal of a property	37	(6,728)
Impairment of property, plant and equipment	-	-

Discontinued operation

Profit is arrived at after charging/(crediting) :-

Gross dividend income from other investments	(4)	(87)
Depreciation and amortisation	807	2,964
Reversal of impairment loss on trade receivables	(559)	(347)
Inventories written off	1,052	2,336
Gain on foreign exchange	(331)	(653)
Fair value gain on derivative instruments	-	-
Gain on disposal of quoted/unquoted investments or properties	-	-
Impairment of property, plant and equipment	-	-

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Current taxation				
Malaysian - current year	5,788	4,465	32,038	34,228
- prior years	1,325	(721)	1,368	(695)
Overseas - current year	84	106	185	220
- prior years	-	(26)	-	(26)
	<u>7,197</u>	<u>3,824</u>	<u>33,591</u>	<u>33,727</u>
Deferred taxation				
Malaysian - current year	1,531	(3,478)	1,302	(3,478)
- prior years	(833)	(22)	(818)	(35)
	<u>698</u>	<u>(3,500)</u>	<u>484</u>	<u>(3,513)</u>
Income tax attributable to continuing operations	7,895	324	34,075	30,214
Income tax attributable to discontinued operation	470	1,372	1,175	1,558
	<u>8,365</u>	<u>1,696</u>	<u>35,250</u>	<u>31,772</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.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

17. Corporate Proposals

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

On 11 September 2013, Hong Leong Investment Bank Berhad (“HLIB”) announced, on behalf of the Company, that the Company has, 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 (now known as Hume Concrete Sdn Bhd) (“HIMSBS”), a wholly-owned subsidiary of the Company, which shall comprise 30,000,000 ordinary shares of RM1.00 each (“HIMSBS Shares”) for a 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 (“HIMSBS Consideration Shares”) (“Proposed Disposal of HIMSBS”); 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 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”)

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

[The HIMSBS Consideration Shares and the HCement ICPS Consideration Shares are collectively referred to as “Consideration Shares”].

The Proposed Disposals and the proposed acquisition by Narra of the entire ordinary share capital in HCement from Hong Leong Manufacturing Group Sdn Bhd are inter-conditional upon each other.

Prior to the completion of the Proposed Disposals, Narra has completed on 15 August 2014 the capital restructuring involving a share capital reduction via 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”).

All the conditions precedent of the Share Sale Agreements for the Proposed Disposals and the proposed acquisition of Narra in the entire ordinary share capital in HCement have been met, and the Proposed Disposals have become unconditional.

Upon completion of the Proposed Disposals, the Company will implement a proposed capital distribution involving the distribution of the Narra Shares to its shareholders on the basis of 1,080 Narra Shares for every 1,000 ordinary shares of RM0.50 each held in the Company (“Proposed Capital Distribution”). The Proposed Capital Distribution will be implemented through a reduction of the capital of the Company in accordance with Section 64 of the Companies Act, 1965 involving a reduction of the share premium account of the Company. The petition for the Proposed Capital Distribution is now pending at the High Court.

The proposals are expected to be completed by the first half of the current financial year ending 30 June 2015.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2014

The figures have not been audited

18. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 30 June 2014 are as follows:-

	RM'000
(i) Unsecured short term borrowings	572,742
(ii) Unsecured long term borrowings	50,000
	<u>622,742</u>

There were no borrowings denominated in foreign currencies as at 30 June 2014.

19. Changes in Material Litigation

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

20. Dividend

- (a) The Board does not recommend any final dividend for the financial year ended 30 June 2014 (2012/2013: nil).
- (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 RM43,478,000 (4th quarter 2012/2013: RM50,121,000) by the weighted average number of ordinary shares during the quarter of 308,356,000 (4th 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 RM167,502,000 (2012/2013: RM147,591,000) 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 30/06/2014 '000	Preceding Year Corresponding Quarter 30/06/2013 '000	Current Year- To- Date 30/06/2014 '000	Preceding Year Corresponding Period 30/06/2013 '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)	<u>308,356</u>	<u>308,356</u>	<u>308,356</u>	<u>308,356</u>

(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.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2014

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
	30/06/2014 RM'000	30/06/2013 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	872,540	661,394
- unrealised	(10,427)	(1,192)
	<u>862,113</u>	<u>660,202</u>
Total share of retained earnings of associated companies:		
- realised	86,782	62,998
- unrealised	2,983	8,857
	<u>89,765</u>	<u>71,855</u>
Less: Consolidation adjustments	(161,276)	(31,015)
Group retained earnings	<u>790,602</u>	<u>701,042</u>

By Order of the Board
 Hong Leong Industries Berhad

Joanne Leong Wei Yin
 Valerie Mak Mew Chan
 Company Secretaries

Kuala Lumpur
 25 August 2014