

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
Revenue	569,012	573,603	2,282,115	2,190,629
Cost of sales	(466,557)	(456,082)	(1,854,793)	(1,781,586)
Gross profit	102,455	117,521	427,322	409,043
Operating expenses	(52,511)	(51,633)	(194,637)	(186,275)
Impairment loss on an investment in an associated company	(171,470)	-	(171,470)	-
Other operating income	4,398	8,533	563	21,177
	(167,072)	8,533	(170,907)	21,177
Operating (loss)/profit	(117,128)	74,421	61,778	243,945
Interest income	706	993	2,628	2,978
Finance costs	(1,311)	(1,490)	(5,739)	(6,314)
Share of profit in associated companies, net of tax	25,020	23,375	133,642	102,535
(Loss)/Profit before taxation	(92,713)	97,299	192,309	343,144
Taxation	164	(13,716)	(41,350)	(52,564)
(Loss)/Profit for the period	(92,549)	83,583	150,959	290,580
(Loss)/Profit attributable to:				
Owners of the Company	(104,569)	69,494	103,087	247,223
Non-controlling interests	12,020	14,089	47,872	43,357
(Loss)/Profit for the period	(92,549)	83,583	150,959	290,580
(Loss)/Earnings per ordinary share (sen) :-				
(a) Basic	(33.78)	22.53	33.37	80.16
(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 2016.

[Handwritten signature]

HONG LEONG INDUSTRIES BERHAD (5486-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
 ENDED 30 JUNE 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2017 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To-Date	Preceding Year Corresponding Period
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(92,549)	83,583	150,979	290,580
Foreign currency translation differences for foreign operations	(7,093)	4,641	10,634	5,009
Loss on fair value of available-for-sale financial assets	(6,388)	(2,190)	(11,057)	(9,433)
Cash flow hedge	455	1,060	(104)	146
Total comprehensive (loss)/income for the period	(105,575)	87,094	150,452	286,302
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(117,602)	72,774	102,573	242,948
Non-controlling interests	12,027	14,320	47,879	43,354
Total comprehensive (loss)/income for the period	(105,575)	87,094	150,449	286,302

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 2016.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/06/2017 RM'000	30/06/2016 RM'000
ASSETS		
Property, plant and equipment	351,930	375,029
Investment properties	4,000	4,000
Investments in associated companies	212,788	385,310
Other investments	63,126	61,278
Intangible assets	25,920	15,585
Deferred tax assets	11,250	3,083
Tax credit receivables	5,646	5,646
TOTAL NON-CURRENT ASSETS	674,660	849,931
Inventories	226,984	205,600
Trade and other receivables	383,937	411,358
Current tax assets	14,237	14,032
Derivative financial assets	100	299
Cash and cash equivalents	537,483	399,503
TOTAL CURRENT ASSETS	1,162,741	1,030,792
TOTAL ASSETS	1,837,401	1,880,723
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	321,217	163,953
Reserves	1,013,569	1,202,151
Treasury shares - at cost	(63,318)	(63,318)
	1,271,468	1,302,786
NON-CONTROLLING INTERESTS	111,995	97,163
TOTAL EQUITY	1,383,463	1,399,949
LIABILITIES		
Deferred tax liabilities	10,415	12,736
Deferred income	4,395	4,996
Employee benefits	25,492	24,042
TOTAL NON-CURRENT LIABILITIES	40,302	41,774
Trade and other payables	284,647	295,273
Borrowings (unsecured)	113,129	127,965
Tax payable	15,860	15,762
TOTAL CURRENT LIABILITIES	413,636	439,000
TOTAL LIABILITIES	453,938	480,774
TOTAL EQUITY AND LIABILITIES	1,837,401	1,880,723
Net assets per share attributable to owners of the Company (RM)	4.10	4.22

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	Attributable to owners of the Company										Total	Non-controlling interest	Total equity
	Non-distributable							Distributable					
	Share capital	Share premium	Exchange equalisation reserve	Fair value reserve	Hedging reserve	Other reserves	Reserve for own shares	Executive share scheme reserve	Treasury shares	Retained earnings			
RM'000	RM'000	RM'000	RM'000	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 2017													
At 1 July 2016	163,953	152,953	35,073	32,303	146	21,914	(32,938)	2,537	(63,318)	990,163	1,302,786	97,163	1,399,949
Profit for the period	-	-	-	-	-	-	-	-	-	103,087	103,104	47,872	150,959
Other comprehensive income/(expense)													
- Foreign currency translation differences	-	-	623	-	-	-	-	-	-	10,011	10,634	-	10,634
- Loss on fair value of available-for-sale financial assets	-	-	-	(11,057)	-	-	-	-	-	-	(11,057)	-	(11,057)
- Cash flow hedge	-	-	-	-	(111)	-	-	-	-	-	(111)	7	(104)
Total comprehensive income/(expense) for the period	-	-	623	(11,057)	(111)	-	-	-	-	113,098	102,553	47,879	150,432
Share-based payments/transactions	-	-	-	-	-	-	-	1,077	-	-	1,077	567	1,644
ESS shares exercised	-	-	-	-	-	-	3,335	(1,138)	-	2,221	4,418	-	4,418
Disposal of trust shares	-	-	-	-	-	-	85	-	-	-	85	-	85
Restructuring	-	-	-	-	-	-	-	-	-	(256)	(256)	-	(256)
Dividends	-	-	-	-	-	-	-	-	-	(139,195)	(139,195)	(33,614)	(172,809)
Other	-	4,311	-	-	-	(4,311)	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	4,311	-	-	-	(4,311)	3,420	(61)	-	(137,230)	(138,871)	(33,047)	(166,918)
Transfer in accordance with S618(2) of CA 2016*	157,264	(157,264)	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2017	321,217	-	35,696	21,246	35	17,603	(29,518)	2,476	(63,318)	966,013	1,271,468	111,995	1,383,463

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium shall become part of share capital. Included in share capital is share premium amounting to RM157,264,000 that is available to be utilised in accordance with Section 618(3) of CA 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	←----- Attributable to owners of the Company ----->												
	←----- Non-distributable ----->									Distributable			Total equity RM'000
	Share capital	Share premium	Exchange equalisation reserve	Fair value reserve	Hedging reserve	Other reserves	Reserve for own shares	Executive share scheme reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Preceding year corresponding period ended 30 June 2016													
At 1 July 2015	163,953	152,953	30,064	41,736	-	21,914	(33,140)	1,327	(63,318)	872,332	1,187,821	106,656	1,294,477
Profit for the period	-	-	-	-	-	-	-	-	-	247,223	247,223	43,357	290,580
Other comprehensive income/(expense)													
- Foreign currency translation differences	-	-	5,009	-	-	-	-	-	-	-	5,009	-	5,009
- Loss on fair value of available-for-sale financial assets	-	-	-	(9,433)	-	-	-	-	-	-	(9,433)	-	(9,433)
- Cash flow hedge	-	-	-	-	146	-	-	-	-	-	146	-	146
Total comprehensive income/(expense) for the period	-	-	5,009	(9,433)	146	-	-	-	-	247,223	242,945	43,357	286,302
Dividends	-	-	-	-	-	-	-	-	-	(129,534)	(129,534)	(52,689)	(182,223)
Share-based payments	-	-	-	-	-	-	-	1,210	-	344	1,554	19	1,573
Share vested	-	-	-	-	-	-	202	-	-	(202)	-	-	-
Cash distribution from a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(180)	(180)
Total transactions with owners of the Company	-	-	-	-	-	-	202	1,210	-	(129,392)	(127,980)	(52,850)	(180,830)
At 30 June 2016	163,953	152,953	35,073	32,303	146	21,914	(32,938)	2,537	(63,318)	990,163	1,302,786	97,163	1,399,949

Dividends received by trust set up for the Executives Share Scheme ("ESS") ("ESS Trust") amounted to RM4,568,000 (2015/2016: RM4,645,000) are eliminated against the dividend expenses 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 2016.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2017

	Current Year- To-Date 30/06/2017 RM'000	Preceding Year Corresponding Period 30/06/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	192,309	343,144
Adjustments for:-		
Share of profit in associated companies, net of tax	(133,640)	(102,535)
Depreciation and amortisation	70,099	59,954
Dividend income	(14,386)	(10,834)
Impairment loss on an investment in an associated company	171,470	-
Non cash item	(4,983)	(3,675)
Net financing costs	3,111	3,336
Operating profit before changes in working capital	<u>283,980</u>	<u>289,390</u>
Changes in working capital		
Net change in current assets	(3,253)	(19,975)
Net change in current liabilities	(13,801)	10,504
Taxation paid	(52,405)	(59,475)
Net financing costs received /(paid)	(3,111)	(3,336)
Dividend received	166,638	114,615
Retirement benefits paid	(307)	(113)
Net cash generated from operating activities	<u>377,741</u>	<u>331,610</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(58,411)	(55,448)
Proceeds from disposal of property, plant & equipment	726	6,795
Cash distribution to non-controlling shareholder of a subsidiary company	-	(180)
Net cash used in investing activities	<u>(57,685)</u>	<u>(48,833)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(139,195)	(129,534)
Dividend paid to non-controlling shareholders of subsidiary companies	(33,614)	(52,689)
Exercise of Trust shares	4,416	-
Disposal of Trust Shares	279	-
Drawdown of borrowings	67,514	187,180
Repayment of borrowings	(82,350)	(196,824)
Net cash used in financing activities	<u>(182,950)</u>	<u>(191,867)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	137,106	90,910
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	399,503	307,043
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	874	1,550
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>537,483</u>	<u>399,503</u>

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

	30/06/2017 RM'000	30/06/2016 RM'000
Deposits, cash and bank balances	<u>537,483</u>	<u>399,503</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 2016.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2017

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 2016. This interim financial report also complies with International Accounting Standards 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 2016.

The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2016 where applicable to the Group. The initial adoption of these applicable MFRSs, 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 other than as mentioned below:

Subsequent to the end of the financial year, Malaysian Newsprint Industries Sdn Bhd (“MNI”), an associated company had commenced creditors’ voluntary winding-up proceedings. Arising thereto, the Group had made a one-off full impairment provision of RM172 million which is the Group’s carried amount of investment in MNI as at 30 June 2017. Going forward the Group is no longer required to equity account for the future results of MNI. In the event of any residual value from the liquidation process, the Group will recognise any recoveries in future periods.

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 2017 was 8,432,500 shares and the shares are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016.
- (b) During the financial year-to-date, a total of 28,600 existing ordinary shares of in the Company held in ESS Trust were sold to market; and

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2017

The figures have not been audited

6. **Issuances, cancellations, repurchases, resale and repayments of debt and equity securities (cont'd)**

(c) During the quarter under review and financial year-to-date:

- (i) a total of 68,250 existing ordinary shares in the Company ("HLI Shares") held in ESS Trust were transferred to certain eligible executives of the Group arising from the vesting of HLI Shares free of consideration pursuant to the Executive Share Grant Scheme ("ESS"); and
- (ii) a total of 1,044,000 existing ordinary shares in the Company held in the ESS Trust were transferred to the option holders arising from the exercise of options pursuant to the ESS

There were no additional shares purchased by the ESS Trust during the quarter under review and financial year-to-date.

As at 30 June 2017, the total number of shares held by the ESS Trust was 9,849,533 ordinary shares.

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 single tier dividend of 15.0 sen per share, paid on 8 December 2016	46,328
Second interim single tier dividend of 20.0 sen per share, paid on 30 May 2017	61,911
Special interim single tier dividend of 10.0 sen per share, paid on 30 May 2017	30,956
	<u>139,195</u>

8. **Operating Segments**

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

	Consumer products	Industrial products	Total
	RM'000	RM'000	RM'000
Segment profit	212,150	9,938	222,088
Included in the measure of segment profit are:			
Revenue from external customers	1,725,002	547,266	2,272,268
Depreciation and amortisation	56,893	13,176	70,099
Reconciliation of reportable segment profit			
Profit			
Reportable segment			222,088
Non-reportable segment			(160,310)
Interest income			2,628
Finance costs			(5,739)
Share of profit in associated companies, net of tax			133,642
Consolidated profit before taxation			<u>192,308</u>
		External revenue	Depreciation and amortisation
		RM'000	RM'000
Reportable segment		2,272,268	70,035
Non-reportable segment		9,847	64
Total		<u>2,282,115</u>	<u>70,099</u>

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2017

The figures have not been audited

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.

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) Varinet Sdn Bhd, a 60% subsidiary;
- (b) Century Touch Sdn Bhd, a 70% indirect-owned subsidiary; and

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) Taman Terang Sdn Bhd ("TT"), a wholly-owned subsidiary of the Company, has been placed under member's voluntary liquidation pursuant to Section 459 of the Companies Act, 2016. The joint liquidators have convened a Final Meeting to conclude the member's voluntary liquidation and accordingly, TT has been dissolved on 22 May 2017.

11. Review of Performance

The result for the quarter under review and financial year-to-date was inclusive of a one-off full impairment provision of the Group's investment in MNI, an associated company amounting to RM172 million as explained in Note 4.

For the quarter under review, the Group recorded a revenue of RM569 million as compared with a revenue of RM574 million for the corresponding quarter of the preceding year ended 30 June 2016 ("FY 2016"). Excluding the one-off full impairment of RM172 million, the Group recorded a profit before taxation ("PBT") of RM79 million as compared with a PBT of RM97 million for the corresponding quarter of FY 2016.

For the financial year-to-date, the Group recorded a revenue of RM2,282 million as compared with a revenue of RM2,191 million for the corresponding period of FY 2016. Excluding the one-off full impairment of RM172 million, the Group recorded a PBT of RM364 million as compared with a PBT of RM343 million for the corresponding period of FY 2016. The increase in PBT was mainly attributable to higher profit contribution from an associated company.

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

For the quarter under review, excluding the one-off full impairment of RM172 million, the Group recorded a PBT of RM79 million as compared with a PBT of RM103 million recorded in the preceding quarter. The decrease in PBT was mainly due to lower profit contribution from an associated company compared with the preceding quarter.

13. Prospects

Barring any unforeseen circumstances, the Board expects the Group's performance for both the consumer products and industrial products segments to be satisfactory for the financial year ending 30 June 2018.

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2017

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
	30/06/2017 RM'000	30/06/2017 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(4,478)	(14,386)
Depreciation and amortisation	25,829	70,099
Allowance of impairment and write off of trade receivables	955	2,484
Provision for and write off of inventories	2,950	9,035
Gain on foreign exchange	223	5,828
Fair value loss on financial instruments designated as hedge instrument	(921)	43
Share-based payments	765	1,539
Gain on disposal of a property	-	-
Impairment of property, plant and equipment	918	918

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Period
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
Current taxation				
Malaysian - current year	12,634	16,143	52,690	54,590
- prior years	(2,118)	(3,174)	(324)	(2,824)
Overseas - current year	-	10	11	48
- prior years	-	-	(80)	-
	<u>10,516</u>	<u>12,979</u>	<u>52,297</u>	<u>51,814</u>
Deferred taxation				
Malaysian - current year	(10,680)	737	(10,680)	750
- prior years	-	-	(267)	-
	<u>(10,680)</u>	<u>737</u>	<u>(10,947)</u>	<u>750</u>
	<u>164</u>	<u>13,716</u>	<u>41,350</u>	<u>52,564</u>

The Group's effective tax rate for the quarter under review is lower than the statutory tax rate mainly due to recognition of deferred tax asset by a subsidiary from tax incentive granted.

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

17. **Corporate Proposals**

There are no corporate proposals announced but not completed 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 2017

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 2017 are as follows:-

Unsecured short term borrowings	RM'000 <u>113,129</u>
---------------------------------	---------------------------------

There were no borrowings denominated in foreign currencies as at 30 June 2017.

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 2017 (2015/2016: nil)
- (b) For the financial year-to-date, a total of 45.0 sen per share, single tier dividend of 35.0 sen per share and a special single tier dividend of 10.0 sen per share (2015/2016: single tier dividend of 32.0 sen per share and special single tier dividend of 10.0 sen per share), has been declared.

21. Earnings Per Ordinary Share

- (a) Basic (loss) / earnings per ordinary share

The basic (loss)/earnings per ordinary share for the quarter under review is calculated by dividing the Group's loss attributable to owners of the Company of RM104,552,000 (4th quarter 2015/2016: profit attributable to owners of RM69,494,000) by the weighted average number of ordinary shares during the quarter of 309,588,000 (4th quarter 2015/2016: 308,449,000).

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 RM103,104,000 (2015/2016: RM247,223,000) by the weighted average number of ordinary shares during the quarter of 308,949,000 (2015/2016: 308,482,000).

HONG LEONG INDUSTRIES BERHAD (5486-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 30 JUNE 2017

The figures have not been audited

21. Earnings Per Ordinary Share (cont'd)

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

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To- Date	Preceding Year Corresponding Period
	30/06/2017 '000	30/06/2016 '000	30/06/2017 '000	30/06/2016 '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	(9,918)	(11,059)	(10,990)	(11,059)
	309,555	308,414	308,483	308,414
Effect of Trust Shares vested	33	35	466	9
Weighted average number of ordinary shares (basic)	309,588	308,449	308,949	308,423

(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 2017

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
	30/06/2017 RM'000	30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	987,440	1,009,402
- unrealised	23,745	(9,721)
	<u>1,011,185</u>	<u>999,681</u>
Total share of retained earnings of associated companies:		
- realised	56,794	100,869
- unrealised	5,675	6,114
	<u>62,469</u>	<u>106,983</u>
Less: Consolidation adjustments	(112,041)	(116,501)
Group retained earnings	<u>961,613</u>	<u>990,163</u>

By Order of the Board
 Hong Leong Industries Berhad

Joanne Leong Wei Yin
 Valerie Mak Mew Chan
 Company Secretaries

Kuala Lumpur
 17 August 2017