

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Revenue	519,119	524,487	519,119	524,487
Cost of sales	(421,425)	(416,116)	(421,425)	(416,116)
Gross profit	97,694	108,371	97,694	108,371
Operating expenses	(46,988)	(51,417)	(46,988)	(51,417)
Other operating income	4,414	16,070	4,414	16,070
Operating profit	55,120	73,024	55,120	73,024
Interest income	502	757	502	757
Finance costs	(1,677)	(4,767)	(1,677)	(4,767)
Share of profit in associated companies, net of tax	13,004	5,983	13,004	5,983
Profit before taxation	66,949	74,997	66,949	74,997
Taxation	(12,719)	(15,107)	(12,719)	(15,107)
Profit from continuing operations	54,230	59,890	54,230	59,890
Profit from discontinued operation, net of tax (NI)	-	188	-	188
Profit for the period	54,230	60,078	54,230	60,078
Profit attributable to:				
Owners of the Company	44,822	48,169	44,822	48,169
Non-controlling interests	9,408	11,909	9,408	11,909
Profit for the period	54,230	60,078	54,230	60,078
Earnings per ordinary share (sen) :-				
(a) Basic	14.53	15.62	14.53	15.62
(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 2015.

HONG LEONG INDUSTRIES BERHAD (5486-P)
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30 SEPTEMBER 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2015 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To-Date	Preceding Year Corresponding Period
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Profit for the period	54,230	60,078	54,230	60,078
Foreign currency translation differences for foreign operations	29,289	3,155	29,289	3,155
Loss on fair value of available-for-sale financial assets	(5,902)	-	(5,902)	-
Cash flow hedge	(2,341)	-	(2,341)	-
Total comprehensive income for the period	75,276	63,233	75,276	63,233
Total comprehensive income attributable to:				
Owners of the Company	65,921	51,324	65,921	51,324
Non-controlling interests	9,355	11,909	9,355	11,909
Total comprehensive income for the period	75,276	63,233	75,276	63,233

(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 in the second quarter ended 31 December 2014 for the financial year ended 30 June 2015. 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 2015.

HONG LEONG INDUSTRIES BERHAD (5486-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	As At End of Current Quarter 30/09/2015 RM'000	As At End of Preceding Financial Year 30/06/2015 RM'000
ASSETS		
Property, plant and equipment	376,631	381,079
Investment properties	4,000	4,000
Investments in associated companies	388,479	383,089
Other investments	64,605	71,064
Intangible assets	16,449	16,213
Deferred tax assets	2,118	1,586
Tax credit receivables	5,646	5,646
TOTAL NON-CURRENT ASSETS	857,928	862,677
Inventories	204,986	209,131
Trade and other receivables	385,225	387,071
Current tax assets	11,645	14,322
Derivative financial assets	109	188
Cash and cash equivalents	377,240	307,043
TOTAL CURRENT ASSETS	979,205	917,755
TOTAL ASSETS	1,837,133	1,780,432
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	163,953	163,953
Reserves	1,153,501	1,087,186
Treasury shares - at cost	(63,318)	(63,318)
	1,254,136	1,187,821
NON-CONTROLLING INTERESTS		
	115,891	106,656
TOTAL EQUITY	1,370,027	1,294,477
LIABILITIES		
Deferred tax liabilities	10,235	10,443
Deferred income	5,460	5,598
Employee benefits	23,050	22,667
TOTAL NON-CURRENT LIABILITIES	38,745	38,708
Trade and other payables	289,902	284,803
Borrowings (unsecured)	110,742	137,609
Derivative financial liabilities	5,361	1,136
Tax payable	22,356	23,699
TOTAL CURRENT LIABILITIES	428,361	447,247
TOTAL LIABILITIES	467,106	485,955
TOTAL EQUITY AND LIABILITIES	1,837,133	1,780,432
Net assets per share attributable to owners of the Company (RM)	4.07	3.85

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2015.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	←----- Attributable to owners of the Company -----→													
	←----- Non-distributable -----→									Distributable		Total	Non-controlling interest	Total equity
	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 September 2015														
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	-	-	-	-	-	-	-	-	-	44,822	44,822	9,408	54,230	
Other comprehensive (expense)/income														
- Foreign currency translation differences	-	-	29,289	-	-	-	-	-	-	-	29,289	-	29,289	
- Loss on fair value of available-for-sale financial assets	-	-	-	(5,902)	-	-	-	-	-	-	(5,902)	-	(5,902)	
- Cash flow hedge	-	-	-	-	(2,288)	-	-	-	-	-	(2,288)	(53)	(2,341)	
Total comprehensive income for the period	-	-	29,289	(5,902)	(2,288)	-	-	-	-	44,822	65,921	9,355	75,276	
Share-based payments	-	-	-	-	-	-	-	394	-	-	394	-	394	
Cash distribution from a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(120)	(120)	
Total transactions with owners of the Company	-	-	-	-	-	-	-	394	-	-	394	(120)	274	
At 30 September 2015	163,953	152,953	59,353	35,834	(2,288)	21,914	(33,140)	1,721	(63,318)	917,154	1,254,136	115,891	1,370,027	

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	←----- Attributable to owners of the Company -----→											
	←----- Non-distributable -----→							Distributable				Total equity RM'000
	Share capital	Share premium	Exchange equalisation reserve	Fair value reserve	Other reserves	Reserve for own shares	Executive share scheme reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	
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 September 2014												
At 1 July 2014	163,953	387,038	2,998	14	21,468	(41,459)	293	(63,318)	790,602	1,261,589	114,929	1,376,518
Profit for the period	-	-	-	-	-	-	-	-	48,169	48,169	11,909	60,078
Other comprehensive income												
- Foreign currency translation differences	-	-	3,155	-	-	-	-	-	-	3,155	-	3,155
Total comprehensive income for the period	-	-	3,155	-	-	-	-	-	48,169	51,324	11,909	63,233
Share-based payments	-	-	-	-	-	-	98	-	-	98	-	98
Redemption of preference shares in a subsidiary company	-	-	-	-	-	-	-	-	-	-	(3)	(3)
Total transactions with owners of the Company	-	-	-	-	-	-	98	-	-	98	(3)	95
Transfer to capital reserve	-	-	-	-	17	-	-	-	(17)	-	-	-
At 30 September 2014	163,953	387,038	6,153	14	21,485	(41,459)	391	(63,318)	838,754	1,313,011	126,835	1,439,846

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 2015.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 2015

	Current Year- To-Date 30/09/2015 RM'000	Preceding Year Corresponding Period 30/09/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- From continuing operations	66,949	74,997
- From discontinued operation	-	580
	66,949	75,577
Adjustments for:-		
Share of profit in associated companies, net of tax	(13,004)	(5,983)
Depreciation and amortisation	14,855	14,421
Dividend income	(1,740)	(5,461)
Non cash items	(4,156)	(14,521)
Net financing costs	1,175	4,289
Operating profit before changes in working capital	64,079	68,322
Changes in working capital		
Net change in current assets	7,657	(13,304)
Net change in current liabilities	5,419	22,441
Taxation paid	(11,336)	(9,278)
Net financing costs paid	(1,175)	(4,289)
Dividend received	34,765	10,871
Retirement benefits paid	(27)	-
Net cash generated from operating activities	99,382	74,763
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(11,764)	(15,893)
Proceeds from disposal of property, plant & equipment	5,884	1,167
Cash distribution to non-controlling shareholder of a subsidiary company	(120)	-
Proceeds from redemption of investment in unit trust	-	548,175
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)
Net cash & cash equivalents pending distribution	-	2,578
Net cash generated (used in)/from investing activities	(6,000)	541,384
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	35,356	47,643
Repayment of borrowings	(62,223)	(456,426)
Net cash used in financing activities	(26,867)	(408,783)
NET CHANGE IN CASH AND CASH EQUIVALENTS	66,515	207,364
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	307,043	196,410
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	3,682	359
CASH & CASH EQUIVALENTS AT END OF PERIOD	377,240	404,133

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

	30/09/2015 RM'000	30/09/2014 RM'000
Deposits, cash and bank balances	377,240	404,133

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2015.

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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 2015. 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 2015.

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 September 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 30 September 2015, the total number of shares held by the ESS Trust was 11,058,633 shares.

There were no issuance of shares, share cancellations, resale of treasury shares or repayments of debt or equity securities during the quarter under review and financial year-to-date.

7. Dividend paid

There were no dividend paid during the quarter under review and financial year-to-date.

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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	46,860	9,962	56,822
Included in the measure of segment profit are:			
Revenue from external customers	373,749	144,560	518,309
Depreciation and amortisation	11,563	3,235	14,798
Reconciliation of reportable segment profit			
Profit			
Reportable segment			56,822
Non-reportable segment			(1,702)
Interest income			502
Finance costs			(1,677)
Share of profit in associated companies, net of tax			13,004
Consolidated profit before taxation			66,949
– Continuing operations			66,949
		External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment		518,309	14,798
Non-reportable segment		810	57
Total		519,119	14,855

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:

The following Company's subsidiaries have been placed under members' voluntary liquidation:-

- (a) Hong Leong Maruken Sdn Bhd, a 70% subsidiary;
- (b) Varinet Sdn Bhd, a 60% subsidiary;
- (c) Century Touch Sdn Bhd, a 70% indirect-owned subsidiary; and
- (d) Taman Terang 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 and/or final meeting to be convened.

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11. Review of Performance

For the quarter under review, the Group recorded a revenue of RM519.1 million and profit before taxation (“PBT”) of RM66.9 million as compared with a revenue and PBT of RM524.5 million and RM75.0 million respectively for the corresponding quarter of the preceding year ended 30 June 2015 (“FY 2015”).

The Group recorded a lower PBT mainly attributable to lower revenue and higher production cost affected by the weakening of the RM against the USD from consumer products segment, partly mitigated by better margin from industrial products segment and higher profit contribution from an associated company.

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

For the quarter under review, the Group recorded a PBT of RM66.9 million as compared with a PBT of RM70.0 million recorded in the preceding quarter. PBT for the Group was lower on the back of a lower revenue for consumer products segment coupled with higher production cost due to the weakening of the RM against the USD.

13. Prospects

Barring any unforeseen circumstances, the Board expects the Group's performance for both the consumer products and industrial products segment to be satisfactory for the financial year ending 30 June 2016.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year To-date
	30/09/2015 RM'000	30/09/2015 RM'000
Continuing operations		
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(1,740)	(1,740)
Depreciation and amortisation	14,855	14,855
Allowance of impairment loss on trade receivables	256	256
Inventories written down	1,143	1,143
Gain on foreign exchange	(1,629)	(1,629)
Fair value loss on derivative instruments	1,833	1,833
Gain on disposal of a property	(4,565)	(4,565)
Impairment of property, plant and equipment	-	-

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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
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Current taxation				
Malaysian - current year	12,695	13,898	12,695	13,898
- prior years	-	1,289	-	1,289
Overseas - current year	24	20	24	20
	<u>12,719</u>	<u>15,207</u>	<u>12,719</u>	<u>15,207</u>
Deferred taxation				
Malaysian - current year	-	206	-	206
- prior years	-	(306)	-	(306)
	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>(100)</u>
Income tax attributable to continuing operations	12,719	15,107	12,719	15,107
Income tax attributable to discontinued operation	-	392	-	392
	<u>12,719</u>	<u>15,499</u>	<u>12,719</u>	<u>15,499</u>

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.

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

Particulars of the Group's borrowings and debt securities as at 30 September 2015 are as follows:-

Unsecured short term borrowings	RM'000 <u>110,742</u>
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There were no borrowings denominated in foreign currencies as at 30 September 2015.

19. **Changes in Material Litigation**

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

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20. Dividend

- (a) The Board has declared an interim single tier dividend of 13.0 sen per share for the quarter ended 30 September 2015 of the financial year ending 30 June 2016 (1st quarter 2014/2015: 12.0 sen per share tax exempt) to be paid on 17 December 2015 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 3 December 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 3 December 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, single tier dividend of 13.0 sen per share (2014/2015: 12.0 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/financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM44,822,000 (1st quarter 2014/2015: RM48,169,000) by the weighted average number of ordinary shares during the quarter of 308,415,000 (1st quarter 2014/2015: 308,356,000).

Weighted average number of ordinary shares

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2015 '000	Preceding Year Corresponding Quarter 30/09/2014 '000	Current Year- To-Date 30/09/2015 '000	Preceding Year Corresponding Period 30/09/2014 '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	(11,058)	(11,117)	(11,058)	(11,117)
Weighted average number of ordinary shares (basic)	308,415	308,356	308,415	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
	30/09/2015 RM'000	30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	994,747	923,370
- unrealised	(9,968)	(2,643)
	<u>984,779</u>	<u>920,727</u>
Total share of retained earnings of associated companies:		
- realised	83,025	103,181
- unrealised	5,259	5,089
	<u>88,284</u>	<u>108,270</u>
Less: Consolidation adjustments	(155,909)	(156,665)
Group retained earnings	<u>917,154</u>	<u>872,332</u>

By Order of the Board
Hong Leong Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
17 November 2015