

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006**

**The figures have not been audited**

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006**

|   | Individual Quarter |                | Cumulative Quarter |                |
|---|--------------------|----------------|--------------------|----------------|
|   | Current Year       | Preceding Year | Current Year-      | Preceding Year |
|   | Quarter            | Corresponding  | To-Date            | Corresponding  |
|   | 31/03/2006         | 31/03/2005     | 31/03/2006         | 31/03/2005     |
|   | RM'000             | RM'000         | RM'000             | RM'000         |
| Revenue                                       | 661,268            | 560,874        | 1,852,454          | 1,793,349      |
| Operating expenses                            | (581,371)          | (549,353)      | (1,670,659)        | (1,711,378)    |
| Other operating expenses                      | (2,962)            | (13,988)       | (84,267)           | (10,367)       |
| Operating profit / (loss)                     | 76,935             | (2,467)        | 97,528             | 71,604         |
| Loss on disposal of associated companies      | -                  | (26,094)       | -                  | (26,094)       |
| Gain on disposal of discontinued operations   | -                  | 56,034         | -                  | 56,034         |
| Interest income                               | 1,817              | 2,522          | 5,338              | 9,956          |
| Finance costs                                 | (17,338)           | (20,564)       | (49,650)           | (67,084)       |
| Share of profit of associated companies       | 13,098             | 10,211         | 35,719             | 33,995         |
| Profit before taxation                        | 74,512             | 19,642         | 88,935             | 78,411         |
| Taxation                                      | (13,239)           | 1,473          | (21,471)           | 2,746          |
| Profit after taxation                         | 61,273             | 21,115         | 67,464             | 81,157         |
| Minority interest                             | (28,085)           | (12,685)       | (71,770)           | (42,917)       |
| Net profit / (loss) for the period            | 33,188             | 8,430          | (4,306)            | 38,240         |
| Earnings / (loss) per ordinary share (sen) :- |                    |                |                    |                |
| (a) Basic                                     | 14.33              | 2.93           | (4.79)             | 14.70          |
| (b) Fully diluted                             | 13.03              | NA             | NA                 | 14.53          |

**The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2005.**

# QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006

The figures have not been audited

## CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2006

|  | As At End of<br>Current Quarter<br>31/03/2006<br>RM'000 | As At Preceding<br>Financial Year<br>End<br>30/06/2005<br>RM'000 |
|--|---|--|
| Property, plant and equipment  | 1,400,485   | 1,386,896  |
| Investments in associated companies  | 110,389   | 79,705   |
| Other investments  | 294,234   | 294,234  |
| Intangible assets  | 437,954   | 437,365  |
| Other assets   | 47,654  | 10,590   |
| Deferred tax assets  | 6,074   | 3,306  |
| <b>Current assets</b>  |   |  |
| Property assets  | 19,819  | 21,063   |
| Inventories  | 253,591   | 241,172  |
| Trade and other receivables  | 502,863   | 429,541  |
| Tax recoverable  | 40,436  | 38,052   |
| Short term investments   | 1,237   | 1,105  |
| Deposits, cash and bank balances   | 221,695   | 400,487  |
|  | 1,039,641   | 1,131,420  |
| <b>Current liabilities</b>   |   |  |
| Trade and other payables   | 479,814   | 403,951  |
| Short term borrowings and overdraft  | 576,845   | 504,010  |
| Taxation   | 12,813  | 4,247  |
|  | 1,069,472   | 912,208  |
| <b>Net current (liabilities) / assets</b>  | (29,831)  | 219,212  |
|  | 2,266,959   | 2,431,308  |
| <b>Share capital</b>   | 112,966   | 112,901  |
| <b>Reserves</b>  | 644,752   | 662,295  |
| Treasury shares – at cost  | (63,292)  | (59,835)   |
| Irredeemable convertible unsecured loan stocks 2002/2007 (“ICULS”)                         | 203,169   | 203,975  |
|  | 897,595   | 919,336  |
| <b>Minority shareholders’ interests</b>  | 614,637   | 573,753  |
| <b>Long term and deferred liabilities</b>  |   |  |
| Borrowings   | 344,168   | 538,590  |
| Redeemable Bonds   | 250,000   | 250,000  |
| EuroConvertible Bonds  | 117,386   | 117,386  |
| Deferred tax liabilities   | 30,766  | 20,670   |
| Retirement benefits  | 12,407  | 11,573   |
|  | 754,727   | 938,219  |
|  | 2,266,959   | 2,431,308  |
| <b>Net assets per share attributable to ordinary equity holders of the parent (sen) **</b> | 319   | 327  |

\*\* Net assets per share attributable to ordinary equity holders of the parent is computed as Total Shareholders’ Fund (excluding Minority Interest) divided by total number of ordinary shares in circulation.

**The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2005.**

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006

The figures have not been audited

### CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2006

|  | Current Year-<br>To-Date | Preceding Year<br>Corresponding<br>Period |
|--|--------------------------|---|
|  | 31/03/2006<br>RM'000     | 31/03/2005<br>RM'000                      |
| Operating Activities   |                          |   |
| Profit before taxation   | 88,935                   | 78,411                                    |
| Adjustments for:-  |                          |   |
| Depreciation and amortisation  | 197,544                  | 209,869                                   |
| Share of profit of associated companies                              | (35,719)                 | (33,995)                                  |
| Non cash items   | 65,777                   | (18,841)                                  |
| Net financing costs  | 44,312                   | 57,128                                    |
| Operating profit before changes in working capital                   | 360,849                  | 292,572                                   |
| Changes in working capital   |                          |   |
| Net change in long term / current assets                             | (145,790)                | 17,938                                    |
| Net change in current liabilities                                    | 83,295                   | (159,350)                                 |
| Net income taxes (paid) / refunded                                   | (7,664)                  | 61,343                                    |
| Other operating income received                                      | 1,183                    | 2,754                                     |
| Net financing costs paid   | (44,312)                 | (57,128)                                  |
| Net cash generated from operating activities                         | 247,561                  | 158,129                                   |
| Investing Activities   |                          |   |
| Equity investments   | 31                       | 313,561                                   |
| Other investments  | (263,675)                | (188,351)                                 |
| Net cash used in investing activities                                | (263,644)                | 125,210                                   |
| Financing Activities   |                          |   |
| Dividend paid  | (39,569)                 | (36,454)                                  |
| ICULS interest Paid  | (6,111)                  | (4,049)                                   |
| Net repayments of bank borrowings                                    | (114,421)                | (90,326)                                  |
| Purchase of treasury shares  | (3,457)                  | -   |
| Net cash used in financing activities                                | (163,558)                | (130,829)                                 |
| Net change in cash and cash equivalents                              | (179,641)                | 152,510                                   |
| Cash & cash equivalents at beginning of period                       | 399,659                  | 368,530                                   |
| Effect of foreign exchange rate changes on cash and cash equivalents | (376)                    | 472                                       |
| Cash & cash equivalents at end of period                             | 219,642                  | 521,512                                   |

Cash and cash equivalents included in the consolidated cash flow statements comprise the following balance sheet amounts:

|                                  | 31/03/2006<br>RM'000 | 31/03/2005<br>RM'000 |
|----------------------------------|----------------------|----------------------|
| Deposits, cash and bank balances | 221,695              | 523,923              |
| Bank overdraft                   | (2,053)              | (2,411)              |
|                                  | 219,642              | 521,512              |

**The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2005.**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2006**

|  | Share capital  | Share premium  | Other reserves  | Retained profits | Treasury shares | Irredeemable convertible unsecured loan stocks | Total          |
|--|----------------|----------------|-----------------|------------------|-----------------|--|----------------|
|  | RM'000         | RM'000         | RM'000          | RM'000           | RM'000          | RM'000   | RM'000         |
| <b>Current year-to-date ended 31 March 2006</b>                |                |                |                 |                  |                 |  |                |
| <b>At 1 July 2005</b>  | 112,901        | 293,237        | (17,545)        | 386,603          | (59,835)        | 203,975  | 919,336        |
| Net loss for the period  | -              | -              | -               | (4,306)          | -               | -  | (4,306)        |
| Dividends  | -              | -              | -               | (6,630)          | -               | -  | (6,630)        |
| Interest on ICULS  | -              | -              | -               | (6,111)          | -               | -  | (6,111)        |
| Foreign currency translation differences                       | -              | -              | (1,237)         | -                | -               | -  | (1,237)        |
| Conversion of ICULS into ordinary shares                       | 65             | 741            | -               | -                | -               | (806)  | -              |
| Purchase of treasury shares                                    | -              | -              | -               | -                | (3,457)         | -  | (3,457)        |
| <b>At 31 March 2006</b>  | <b>112,966</b> | <b>293,978</b> | <b>(18,782)</b> | <b>369,556</b>   | <b>(63,292)</b> | <b>203,169</b>                                 | <b>897,595</b> |
| <b>Preceding year corresponding period ended 31 March 2005</b> |                |                |                 |                  |                 |  |                |
| <b>At 1 July 2004</b>  | 112,661        | 290,495        | 70,367          | 317,469          | (59,835)        | 206,957  | 938,114        |
| Net profit for the period                                      | -              | -              | -               | 38,240           | -               | -  | 38,240         |
| Dividends  | -              | -              | -               | (6,650)          | -               | -  | (6,650)        |
| Interest on ICULS  | -              | -              | -               | (6,176)          | -               | -  | (6,176)        |
| Foreign currency translation differences                       | -              | -              | (52,858)        | -                | -               | -  | (52,858)       |
| Realisation of other reserves                                  | -              | -              | (23,038)        | 23,038           | -               | -  | -              |
| Conversion of ICULS into ordinary shares                       | 241            | 2,741          | -               | -                | -               | (2,982)  | -              |
| Transfer to capital redemption reserves                        | -              | -              | 56              | (56)             | -               | -  | -              |
| <b>At 31 March 2005</b>  | <b>112,902</b> | <b>293,236</b> | <b>(5,473)</b>  | <b>365,865</b>   | <b>(59,835)</b> | <b>203,975</b>                                 | <b>910,670</b> |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2005.

## **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006**

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### **The figures have not been audited**

#### **1. Accounting policies and methods of computation**

The interim financial report has been prepared in accordance with MASB 26 “Interim Financial Reporting” and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2005.

#### **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**

The Group’s operation is not affected materially by any seasonal / cyclical factors.

#### **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 current 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**

During the current financial year-to-date:

- (i) the Company bought back 1,070,500 of its own shares from the open market for a total consideration of RM3,408,042. The total number of shares bought back as at 31 March 2006 was 8,414,500 shares and the shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965; and
- (ii) RM806,000 nominal value of ICULS were converted into 130,000 new ordinary shares of RM0.50 each. The outstanding nominal value of ICULS as at 31 March 2006 was RM203,168,500.

There were no shares cancellation, resale of treasury shares nor repayment of debt or equity shares during the current financial year-to-date.

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006

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-<br>To-Date<br>RM'000 |
|--|------------------------------------|
| Gross interim dividend of 1.25 sen per share tax exempt and 2.50 sen per share less tax paid on 27 December 2005 | 6,630                              |

### 8. Segmental reporting

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

|   | Motorcycles | Building<br>materials | Semi-<br>conductor | Other  | Investment<br>holding | Total     |
|---|-------------|-----------------------|--------------------|--------|-----------------------|-----------|
|   | RM'000      | RM'000                | RM'000             | RM'000 | RM'000                | RM'000    |
| <b>Revenue</b>                          | 445,866     | 433,444               | 971,683            | 136    | 1,325                 | 1,852,454 |
| <b>Results</b>                          |             |                       |                    |        |                       |           |
| Segment results                         | 14,307      | 31,875                | 116,717            | (893)  | (254)                 | 161,752   |
| Share of profit of associated companies | 35,719      | -                     | -                  | -      | -                     | 35,719    |
|   | 50,026      | 31,875                | 116,717            | (893)  | (254)                 | 197,471   |
| One-off write-down                      | (64,224)    | -                     | -                  | -      | -                     | (64,224)  |
|   | (14,198)    | 31,875                | 116,717            | (893)  | (254)                 | 133,247   |
| Interest income                         |             |                       |                    |        |                       | 5,338     |
| Finance costs                           |             |                       |                    |        |                       | (49,650)  |
| Profit before taxation                  |             |                       |                    |        |                       | 88,935    |
| Taxation                                |             |                       |                    |        |                       | (21,471)  |
| Profit after taxation                   |             |                       |                    |        |                       | 67,464    |
| Minority interest                       |             |                       |                    |        |                       | (71,770)  |
| Net loss for the period                 |             |                       |                    |        |                       | (4,306)   |

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

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

## **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006**

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### **The figures have not been audited**

#### **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.

#### **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:-

- (i) The following Company's subsidiaries had been placed under member's voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965:-
  - (a) Hong Leong Maruken Sdn Bhd, a 70% subsidiary;
  - (b) Kasih Sayang Realty Sdn Bhd, a wholly-owned subsidiary;
  - (c) Varinet Sdn Bhd, a 60% subsidiary;
  - (d) Allied Auto Parts Sdn Bhd, a 69.4% subsidiary; and
  - (e) Guolene Packaging Industries Berhad, a 96.4% subsidiary

The liquidations are currently pending tax clearance from the Inland Revenue Board.

- (ii) MPI Property Sdn Bhd ("MPIP"), a wholly-owned subsidiary of the Company, had been placed under member's voluntarily liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965. The liquidator of MPIP had, on 20 February 2006, convened a Final Meeting to conclude the liquidation of MPIP. MPIP has been dissolved on 21 May 2006.

#### **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**

The Group recorded a revenue and profit before tax ("PBT") of RM661.3 million and RM74.5 million respectively for the current quarter under review as compared with RM560.9 million and RM19.6 million respectively in the preceding year's corresponding quarter.

The increase in PBT as compared with the preceding year's corresponding quarter was mainly attributable to the increase in profit of the semiconductor, building materials and motorcycles sectors.

For the financial year-to-date, the Group recorded a PBT of RM88.9 million as compared with a PBT of RM78.4 million in the preceding year's corresponding period. The PBT for the financial year-to-date of RM88.9 million was inclusive of a one-off restructuring cost of RM64.2 million incurred by the Group's MZ operation in Germany.

#### **14. Material changes in profit before taxation**

The Group recorded a PBT of RM74.5 million as compared with a PBT of RM49.2 million in the preceding quarter.

The increase in PBT as compared with the preceding quarter is mainly attributable to the increase in profit of the semiconductor, building materials and motorcycles sectors.

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006

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### 15. Prospects

Barring any unforeseen circumstances, the Board expects the Group's performance to improve further in the last quarter of the current financial year ending 30 June 2006.

### 16. Profit forecast / profit guaranteed

This note is not applicable.

### 17. Taxation

|  | Individual Quarter      |   | Cumulative Quarter       |  |
|--|-------------------------|---|--------------------------|--|
|  | Current Year<br>Quarter | Preceding<br>Year<br>Corresponding<br>Quarter | Current Year-<br>To-Date | Preceding<br>Year<br>Corresponding<br>Period |
|  | 31/03/2006<br>RM'000    | 31/03/2005<br>RM'000                          | 31/03/2006<br>RM'000     | 31/03/2005<br>RM'000                         |
| Current tax                                  |                         |   |                          |  |
| Malaysian                                    |                         |   |                          |  |
| - current                                    | 7,259                   | (4,917)                                       | 15,823                   | (4,333)                                      |
| - prior years                                | 25                      | 1,666   | (2,386)                  | (7,530)                                      |
| Overseas                                     |                         |   |                          |  |
| - current                                    | 351                     | 28  | 410                      | 70   |
|  | <u>7,635</u>            | <u>(3,223)</u>                                | <u>13,847</u>            | <u>(11,793)</u>                              |
| Deferred tax                                 |                         |   |                          |  |
| Malaysian                                    |                         |   |                          |  |
| - current                                    | 4,587                   | 1,980   | 9,086                    | 9,116  |
| - prior years                                | 978                     | 53  | (1,775)                  | 97   |
| Overseas                                     |                         |   |                          |  |
| - current                                    | -                       | (377)   | -                        | -  |
|  | <u>5,565</u>            | <u>1,656</u>                                  | <u>7,311</u>             | <u>9,213</u>                                 |
| Share of taxation of associated<br>companies | 39                      | 94  | 313                      | (166)  |
|  | <u>13,239</u>           | <u>(1,473)</u>                                | <u>21,471</u>            | <u>(2,746)</u>                               |

The Group's effective tax rates of the current quarter and current year-to-date are lower than the statutory tax rate due mainly to tax incentives / allowances granted to certain subsidiary companies.

### 18. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties for the current quarter and year-to-date.

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006

The figures have not been audited

### 19. Quoted securities

(a) There were no purchases or disposals of quoted securities (other than securities in existing subsidiaries and associated companies) for the current quarter and year-to-date.

(b) Particulars of investments in quoted securities as at 31 March 2006:-

|                         | <b>RM'000</b> |
|-------------------------|---------------|
| Short term investments: |               |
| At cost                 | 1,237         |
| At book value           | 1,237         |
| At market value         | 1,532         |

### 20. Corporate proposals

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

### 21. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 31 March 2006 are as follows:-

|   | <b>RM'000</b> |
|---|---------------|
| (i) Unsecured short term borrowings and overdraft | 576,845       |
| (ii) Unsecured long term borrowings               | 711,554       |
|   | 1,288,399     |

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

|                 | <b>RM'000</b> |
|-----------------|---------------|
| USD borrowings  | 438,610       |
| Euro borrowings | 7,473         |

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006

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### 22. Financial instruments with off balance sheet risk

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The financial instruments with off balance sheet risk as at 17 May 2006 are as follow :-

|                                    | <b>Contract amount</b> |
|------------------------------------|------------------------|
|                                    | <b>RM'000</b>          |
| Foreign exchange forward contracts | <u>501,592</u>         |

The above contacts are maturing within a period of 6 months.

There is minimal credit and market risk because the contracts were executed with established financial institutions.

Gains and losses on foreign exchange forward contracts are recognised in the income statements upon realisation.

### 23. Changes in material litigation

There is no material litigation as at the date of this report.

### 24. Dividend

- (a) The Board has declared a gross second interim dividend of 6.25 sen per share tax exempt and 1.25 sen per share less tax for the quarter ended 31 March 2006 of the financial year ending 30 June 2006 (2004/2005: 2.50 sen per share tax exempt and 2.50 sen per share less tax) to be paid on 23 June 2006 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 13 June 2006.

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 13 June 2006 in respect of transfers; and
  - (ii) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to Bursa Malaysia Securities Berhad Listing Requirement.
- (b) For the financial year-to-date, a total gross dividend of 7.50 sen per share tax exempt and 3.75 sen per share less tax has been declared (2004/2005: 3.75 sen per share tax exempt and 5.00 sen per share less tax).

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006

The figures have not been audited

### 25. Earnings per ordinary share

#### Basic earnings per share

The calculation of basic earnings per ordinary share for the current quarter is based on the net profit attributable to ordinary shareholders of RM31,156,000 (2004/2005: net profit of RM6,388,000), being the net profit of RM33,188,000 (2004/2005 : net profit of RM8,430,000) less interest on the ICULS of RM2,032,000 (2004/2005 : RM2,042,000) and the weighted average number of ordinary shares outstanding during the quarter of 217,420,000 (2004/2005: 218,233,000).

The calculation of basic earning per share for the current year-to-date is based on the net loss attributable to ordinary shareholders of RM10,417,000 (2004/2005: net profit of RM32,064,000), being the net loss of RM4,306,000 (2004/2005: net profit of RM38,242,000) less the interest on the ICULS of RM6,111,000 (2004/2005: RM6,176,000) and the weighted average number of ordinary shares outstanding during the period of 217,700,000 (2004/2005: 218,067,000)

Weighted average number of ordinary shares

|   | Individual Quarter      |  | Cumulative Quarter           |  |
|---|-------------------------|--|------------------------------|--|
|   | Current Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | Current<br>Year- To-<br>Date | Preceding<br>Year<br>Corresponding<br>Period |
|   | 31/03/2006<br>'000      | 31/03/2005<br>'000                         | 31/03/2006<br>'000           | 31/03/2005<br>'000                           |
| Issued ordinary shares at beginning of period | 217,388                 | 218,018                                    | 218,458                      | 217,977                                      |
| Effect of ICULS conversion                    | 32                      | 215  | 10                           | 90   |
| Effect of purchase of treasury shares         | -                       | -  | (768)                        | -  |
| Weighted average number of ordinary shares    | 217,420                 | 218,233                                    | 217,700                      | 218,067                                      |

#### Diluted earnings per share

The calculation of diluted earnings per ordinary share for the current quarter is based on the net profit attributable to ordinary shareholders (diluted) of RM32,619,000 and the weighted average number of ordinary shares (diluted) outstanding during the quarter of 250,287,000.

The Group had no dilution in its earnings per ordinary share for the preceding year corresponding quarter as the assumed issue of ordinary shares arising from the conversion of ICULS were anti-dilutive.

The Group has no dilution in its loss per ordinary share for the current year-to-date as the conversion of the potential ordinary shares would reduce the basic loss per ordinary share.

The calculation of diluted earnings per ordinary share for the preceding year corresponding period were based on the net profit attributable to ordinary shareholders (diluted) of RM36,511,000 and the weighted average number of ordinary shares (diluted) outstanding during the preceding corresponding period of 251,358,000.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2006**

The figures have not been audited

25. Earnings per ordinary share (cont'd)

**Diluted earnings per share (cont'd)**

Net profit attributable to ordinary shareholders (diluted)

|  | Individual Quarter   |                                      | Cumulative Quarter     |                                     |
|--|----------------------|--------------------------------------|------------------------|-------------------------------------|
|  | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year- To- Date | Preceding Year Corresponding Period |
|  | 31/03/2006<br>RM'000 | 31/03/2005<br>RM'000                 | 31/03/2006<br>RM'000   | 31/03/2005<br>RM'000                |
| Net profit attributable to ordinary shareholders           | 31,156               | NA                                   | NA                     | 32,064                              |
| After tax effect of interest savings on ICULS              | 1,463                | NA                                   | NA                     | 4,447                               |
| Net profit attributable to ordinary shareholders (diluted) | 32,619               | NA                                   | NA                     | 36,511                              |

Weighted average number of ordinary shares (diluted)

|  | Individual Quarter   |                                      | Cumulative Quarter     |                                     |
|--|----------------------|--------------------------------------|------------------------|-------------------------------------|
|  | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year- To- Date | Preceding Year Corresponding Period |
|  | 31/03/2006<br>'000   | 31/03/2005<br>'000                   | 31/03/2006<br>'000     | 31/03/2005<br>'000                  |
| Weighted average number of ordinary shares (basic)   | 217,420              | NA                                   | NA                     | 218,067                             |
| Effect of shares to be issued on conversion of ICULS | 32,867               | NA                                   | NA                     | 33,291                              |
| Weighted average number of ordinary shares (diluted) | 250,287              | NA                                   | NA                     | 251,358                             |

By Order of the Board  
Hong Leong Industries Berhad

Joanne Leong Wei Yin  
Company Secretary

Kuala Lumpur  
23 May 2006