

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
<b>Revenue</b>	550,261	551,715	1,118,092	1,107,946
Cost of sales	(440,059)	(451,718)	(894,859)	(914,918)
<b>Gross profit</b>	110,202	99,997	223,233	193,028
Operating expenses	(54,210)	(56,480)	(108,455)	(111,338)
Other operating income	5,646	2,734	10,795	13,252
<b>Operating profit</b>	61,638	46,251	125,573	94,942
Interest income	942	517	1,605	1,136
Finance costs	(15,782)	(15,155)	(31,045)	(27,724)
Share of profit in associated companies	12,121	17,257	20,921	25,161
<b>Profit before taxation</b>	58,919	48,870	117,054	93,515
Taxation	(8,238)	(7,203)	(18,740)	(18,621)
<b>Profit for the period</b>	50,681	41,667	98,314	74,894
<b>Profit attributable to:</b>				
Owners of the Company	42,108	32,026	78,182	52,578
Non-controlling interests	8,573	9,641	20,132	22,316
<b>Profit for the period</b>	50,681	41,667	98,314	74,894
<b>Earnings per ordinary share (sen) :-</b>				
(a) Basic	13.66	10.39	25.35	17.06
(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)  
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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2013 (cont'd)**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year - To-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31/12/2013 RM'000</b>	<b>31/12/2012 RM'000</b>	<b>31/12/2013 RM'000</b>	<b>31/12/2012 RM'000</b>
<b>Profit for the period</b>	50,681	41,667	98,314	74,894
Foreign currency translation differences for foreign operations	1,145	8,577	5,474	(8,279)
Fair value gain on available-for-sale financial assets	-	10,341	-	11,887
<b>Total comprehensive income for the period</b>	<b>51,826</b>	<b>60,585</b>	<b>103,788</b>	<b>78,502</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	43,253	50,944	83,656	56,063
Non-controlling interests	8,573	9,641	20,132	22,439
<b>Total comprehensive income for the period</b>	<b>51,826</b>	<b>60,585</b>	<b>103,788</b>	<b>78,502</b>

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.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2013 RM'000	30/06/2013 RM'000
<b>ASSETS</b>		
Property, plant and equipment	410,215	416,300
Investment properties	2,231	2,231
Investments in associated companies	349,479	328,390
Other investments	707,779	706,291
Intangible assets	17,586	14,681
Deferred tax assets	8,175	8,292
Tax credit receivables	2,070	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,497,535</b>	<b>1,476,185</b>
Inventories	239,186	206,558
Trade and other receivables	414,687	425,869
Current tax assets	32,218	24,111
Derivative financial assets	383	1,691
Cash and cash equivalents	315,503	354,347
<b>TOTAL CURRENT ASSETS</b>	<b>1,001,977</b>	<b>1,012,576</b>
<b>TOTAL ASSETS</b>	<b>2,499,512</b>	<b>2,488,761</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	163,953	163,953
Reserves	1,121,838	1,069,017
Treasury shares - at cost	(63,318)	(63,318)
	1,222,473	1,169,652
<b>NON-CONTROLLING INTERESTS</b>	<b>117,115</b>	<b>113,166</b>
<b>TOTAL EQUITY</b>	<b>1,339,588</b>	<b>1,282,818</b>
<b>LIABILITIES</b>		
Borrowings (unsecured)	670,000	697,663
Deferred tax liabilities	8,456	7,481
Deferred income	1,967	-
Employee benefits	20,714	19,838
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>701,137</b>	<b>724,982</b>
Trade and other payables	314,918	325,622
Borrowings (unsecured)	118,457	137,430
Derivative financial liabilities	699	1,458
Tax payable	24,713	16,451
<b>TOTAL CURRENT LIABILITIES</b>	<b>458,787</b>	<b>480,961</b>
<b>TOTAL LIABILITIES</b>	<b>1,159,924</b>	<b>1,205,943</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,499,512</b>	<b>2,488,761</b>
Net assets per share attributable to owners of the Company (RM)	3.96	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.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Attributable to owners of the Company						Total equity		
	Share capital	Share premium	Exchange equalisation reserve	Other reserves	Reserve for own shares	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
Current year-to-date ended 31 December 2013	163,953	387,038	1,772	20,624	(41,459)	(63,318)	701,042	113,166	1,282,818
At 1 July 2013	-	-	-	-	-	-	78,182	20,132	98,314
Profit for the period	-	-	5,474	-	-	-	-	-	5,474
Other comprehensive income	-	-	5,474	-	-	-	-	-	5,474
- Foreign currency translation differences	-	-	5,474	-	-	-	-	-	5,474
<b>Total comprehensive income for the period</b>	-	-	5,474	-	-	-	78,182	20,132	103,788
Dividends	-	-	-	-	-	-	(30,835)	(16,183)	(47,018)
Transfer to capital redemption reserve	-	-	-	457	-	-	(457)	-	-
At 31 December 2013	163,953	387,038	7,246	21,081	(41,459)	(63,318)	747,932	117,115	1,339,588

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2013**

	← ..... Attributable to owners of the Company ..... →						Total equity RM'000
	Share capital RM'000	Share premium RM'000	Exchange equalisation reserve RM'000	Non-distributable Other reserves RM'000	Reserve for own shares RM'000	Treasury shares RM'000	
Preceding year corresponding period ended 31 December 2012	163,953	387,038	18,275	20,183	(41,459)	(63,318)	1,082,428
Profit for the period	-	-	-	-	-	-	74,894
Other comprehensive (expense)/income	-	-	(8,402)	-	-	-	(8,402)
- Foreign currency translation differences	-	-	-	-	-	-	-
- Gain on fair value adjustments	-	-	-	11,887	-	-	11,887
<b>Total comprehensive (expense)/income for the period</b>	-	-	(8,402)	11,887	-	-	56,063
Dividends	-	-	-	-	-	-	(47,468)
Transfer to capital redemption reserve	-	-	-	39	-	-	(16,633)
At 31 December 2012	163,953	387,038	9,873	32,109	(41,459)	(63,318)	1,107,656
At 31 December 2013	163,953	387,038	9,873	32,109	(41,459)	(63,318)	1,216,229

Dividends received by the trust set up for the executive share option scheme ("ESOS") ("ESOS Trust") amounted to RM1,112,000 (2012/2013: RM1,112,000) are eliminated against the dividend expense of the Company following the consolidation of ESOS 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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED**  
**31 DECEMBER 2013**

	Current Year- To-Date 31/12/2013 RM'000	Preceding Year Corresponding Period 31/12/2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	117,054	93,515
Adjustments for:-		
Share of profit of associated companies	(20,921)	(25,161)
Depreciation and amortisation	24,735	25,046
Dividend income	(22,706)	(8,322)
Non cash items	360	(6,294)
Net financing costs	29,440	26,588
Operating profit before changes in working capital	127,962	105,372
Changes in working capital		
Net change in current assets	(25,110)	13,978
Net change in current liabilities	(10,704)	(14,726)
Taxation paid	(17,493)	(13,254)
Net financing costs paid	(29,440)	(26,588)
Dividend received	29,796	23,703
Retirement benefits paid	(101)	(338)
<b>Net cash generated from operating activities</b>	<b>74,910</b>	<b>88,147</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(21,856)	(31,222)
Proceeds from disposal of property, plant & equipment	686	2,146
Proceed from disposal of asset held for sale	-	16,946
Acquisition of other investments	-	(270,000)
<b>Net cash used in investing activities</b>	<b>(21,170)</b>	<b>(282,130)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to owners of the Company	(30,835)	(30,835)
Dividend paid to non-controlling shareholders of subsidiaries	(16,183)	(16,633)
Drawdown of borrowings	237,367	371,136
Repayment of borrowings	(284,003)	(100,643)
<b>Net cash generated from financing activities</b>	<b>(93,654)</b>	<b>233,025</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(39,914)</b>	<b>29,042</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>354,347</b>	<b>215,617</b>
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	<b>1,070</b>	<b>(1,261)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>315,503</b>	<b>243,398</b>

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

	31/12/2013 RM'000	31/12/2012 RM'000
Deposits, cash and bank balances	315,503	243,398

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.

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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 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 31 December 2013 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 ESOS Trust during the quarter under review and financial year-to-date. As at 31 December 2013, the total number of shares held by the ESOS 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.

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7. **Dividend paid**

During the financial year-to-date, the Company paid an interim dividend of 10.0 sen per share tax exempt amounting to RM31.9 million on 20 December 2013.

8. **Operating Segments**

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

	<b>Consumer products</b>	<b>Industrial products</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment profit</b>	93,125	12,759	105,884
Included in the measure of segment profit are:			
Revenue from external customers	725,803	371,376	1,097,179
Depreciation and amortisation	18,334	6,358	24,692
<b>Reconciliation of reportable segment profit</b>			
<b>Profit</b>			
Reportable segment			105,884
Non-reportable segment			19,689
Interest income			1,605
Finance costs			(31,045)
Share of profit of associated companies			20,921
Consolidated profit before taxation			<u>117,054</u>
		<b>External revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>
Reportable segment		1,097,179	24,692
Non-reportable segment		20,913	43
<b>Total</b>		<u>1,118,092</u>	<u>24,735</u>

9. **Material events not reflected in the financial statements**

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



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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:

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) RZA Logistics Sdn Bhd, a 59.1% 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.

**11. Review of Performance**

For the quarter under review, the Group recorded a revenue of RM550.3 million and profit before taxation ("PBT") of RM58.9 million as compared with a revenue and PBT of RM551.7 million and RM48.9 million respectively for the corresponding quarter of the preceding year ended 30 June 2013 ("FY 2013").

For the financial year-to-date, the Group recorded a revenue of RM1,118.1 million and PBT of RM117.1 million as compared with a revenue and PBT of RM1,107.9 million and RM93.5 million respectively for the corresponding period of FY 2013.

The improvement in PBT for the quarter under review and the financial year-to-date as compared with the corresponding quarter/period of FY2013 was mainly contributed by better margin due to higher average selling price and lower production costs for our consumer products segment, partly offset by lower profit contribution from associated companies.

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

For the quarter under review, the Group recorded a higher PBT of RM58.9 million as compared with a PBT of RM58.1 million recorded in the preceding quarter, mainly due to higher profit contribution from associated companies as compared with the preceding quarter.

**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 2014.

**14. Profit forecast / profit guaranteed**

This note is not applicable.

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15. **Profit before taxation**

	Current Year Quarter	Current Year To-date
	31/12/2013 RM'000	31/12/2013 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(13,676)	(22,706)
Depreciation and amortisation	12,380	24,735
Impairment loss/(Reversal of impairment loss) on trade receivables	93	(147)
Inventories written off/(back)	1,367	(328)
Gain on foreign exchange	(2,227)	(4,804)
Fair value loss on derivative instruments	56	549
Gain on disposal of quoted/unquoted investments or properties	-	-
Impairment of property, plant and equipment	-	-

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Period
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Current taxation				
Malaysian - current year	7,140	7,185	17,256	18,594
- prior years	12	-	65	42
Overseas - current year	12	18	72	94
	7,164	7,203	17,393	18,730
Deferred taxation				
Malaysian - current year	1,048	-	1,216	-
- prior years	26	-	131	(109)
	1,074	-	1,347	(109)
	8,238	7,203	18,740	18,621

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.

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**17. Corporate Proposals**

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

- a) On 26 August 2013, Hong Leong Investment Bank Berhad (“HLIB”) announced, on behalf of the Company, that the Company proposed to establish an executive share grant scheme of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company for the benefit of the eligible executives (Proposed ESGS).

The Proposed ESGS was approved by the shareholders of HLI on 17 October 2013.

The Company currently has an executive share option scheme which was established on 8 March 2013 (“Existing ESOS”). Upon the establishment of the Proposed ESGS, the Proposed ESGS together with the Existing ESOS shall be renamed as Executive Share Scheme.

Bursa Malaysia Securities Berhad has, via its letter dated 10 September 2013, granted its approval in-principle for the listing of such number of additional new ordinary shares of RM0.50 each in HLI, representing up to 10% of the issued and paid-up ordinary share capital of the Company, to be issued pursuant to the Proposed ESGS.

Barring any unforeseen circumstances, the Company expects to implement the Proposed ESGS by the first quarter of year 2014.

- b) On 11 September 2013, HLIB announced, on behalf of the Company, that the Company had, 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 (“HIMSB”), a wholly-owned subsidiary of the Company, which shall comprise 30,000,000 ordinary shares of RM1.00 each (“HIMSB Shares”) for a total 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 (“HIMSB Consideration Shares”) (“Proposed Disposal of HIMSB”); 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 total 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”).

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

Prior to the completion of the Proposed Disposals, Narra will implement a capital restructuring involving the proposed share capital reduction by the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 each in Narra and the proposed share consolidation of 2 resultant ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each in Narra (“New Narra Shares”) (“Proposed Narra Capital Restructuring”).

HLI had, on 19 December 2013, announced that HIMSB had completed its internal restructuring and consequently, the restructured HIMSB to be disposed of by the Company to Narra shall comprise HIMSB and its subsidiaries involving in the manufacturing and sale of concrete products.

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

Upon completion of the Proposed Disposals, the Company shall, subject to all requisite approvals being obtained, implement a proposed capital distribution comprising:

- (i) a proposed reduction of the capital of HLI in accordance with Section 64 of the Companies Act, 1965 ("Act") involving a reduction of share premium reserve ("Proposed Capital Reduction"); and
- (ii) a capital repayment exercise involving the distribution of 345,030,635 New Narra Shares on the basis of 1,080 New Narra Shares for every 1,000 ordinary shares RM0.50 each held in the Company, representing substantially all the HIMS B Consideration Shares and HCement ICPS Consideration Shares to be received by the Company pursuant to the Proposed Disposals, to shareholders whose names appear in the Company's Record of Depositors as at the close of business on a date to be determined and announced later

(collectively, the "Proposed Capital Distribution")

[Proposed Disposals and the Proposed Capital Distribution are collectively referred to as the "Proposals"].

The Proposed Disposals are subject to, inter-alia, the following being obtained:

- (i) approval of the shareholders of the Company for the Proposals at an extraordinary general meeting ("EGM") to be convened;
- (ii) approvals of members of the respective holding companies of the Company and Narra as required by Section 132E of the Act for the relevant proposals, the last approval had been obtained on 28 November 2013.

The Proposed Disposals are also subject to, inter-alia, the following being obtained by Narra:

- (i) approval of the Securities Commission ("SC") for:
  - (a) the proposed acquisitions by Narra of HIMS B Shares, HCement ICPS and the entire ordinary share capital of HCement ("HCement Ordinary Shares") (collectively, the "Proposed Acquisitions by Narra");
  - (b) the resultant equity structure of Narra upon completion of the Proposed Acquisitions by Narra;
  - (c) the proposed exemption for the Company from an obligation to undertake a mandatory offer for the remaining New Narra Shares not already held by the Company and the Company's concert party(ies) upon completion of the Proposed Disposals pursuant to Section 219 of the Capital Markets and Services Act, 2007 ("CMSA"), which approval had been obtained on 11 December 2013; and
  - (d) the proposed exemption for Hong Leong Manufacturing Group Sdn Bhd ("HLMG") from an obligation to undertake a mandatory offer for the remaining New Narra Shares not already held by HLMG and HLMG's concert party(ies) upon completion of the Proposed Capital Distribution pursuant to Section 219 of the CMSA, which approval had been obtained on 11 December 2013.

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**The figures have not been audited**

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

Applications for the Proposed Acquisitions by Narra and the resultant equity structure of Narra upon completion of the Proposed Acquisitions by Narra had been submitted to the SC on 31 October 2013.

- (ii) approval-in-principle of Bursa Malaysia Securities Berhad (“Bursa Securities”) for:
  - (a) the proposed consolidation of the Narra shares pursuant to the Proposed Narra Capital Restructuring; and
  - (b) the listing of and quotation for all the New Narra Shares to be issued pursuant to the Proposed Acquisitions by Narra on Bursa Securities.
- (iii) the grant of an order by the High Court pursuant to Section 64 of Act for the proposed share capital reduction by Narra; and
- (iv) approval of the shareholders of Narra for its corporate proposals (comprising Proposed Narra Capital Restructuring, Proposed Acquisitions by Narra and proposed increase in authorised share capital of Narra) at an EGM to be convened.

The Proposed Capital Distribution is subject to the following being obtained:

- (i) the grant of an order by the High Court pursuant to Section 64 of the Act for the Proposed Capital Reduction; and
- (ii) approval of the shareholders of HLI for the Proposals at an EGM to be convened.

The Proposed Disposal of HIMSB, Proposed Disposal of HCement ICPS and the proposed acquisition by Narra of HCement Ordinary Shares are inter-conditional upon one another.

The Proposed Capital Distribution (which includes the Proposed Capital Reduction) is conditional upon the Proposed Disposals.

Subject to all requisite approvals being obtained, the proposals are expected to be completed by the fourth quarter of the financial year ending 30 June 2014.

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

Particulars of the Group’s borrowings and debt securities as at 31 December 2013 are as follows:-

	<b>RM’000</b>
(i) Unsecured short term borrowings	118,457
(ii) Unsecured long term borrowings	670,000
	<u>788,457</u>

There were no borrowings denominated in foreign currencies as at 31 December 2013.

**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 does not recommend any interim dividend for the quarter ended 31 December 2013 of the financial year ending 30 June 2014 (2nd quarter 2012/2013: Nil).
- (b) For the financial year-to-date, dividend of 10.0 sen per share tax exempt (2012/2013: 10.0 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 is calculated by dividing the Group's profit attributable to owners of the Company of RM42,108,000 (2<sup>nd</sup> quarter 2012/2013: RM32,026,000) and the weighted average number of ordinary shares during the quarter of 308,356,000 (2<sup>nd</sup> quarter 2012/2013: 308,356,000).

The calculation of basic earnings per ordinary share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM78,182,000 (2012/2013: RM52,578,000) and 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 31/12/2013 '000	Preceding Year Corresponding Quarter 31/12/2012 '000	Current Year- To-Date 31/12/2013 '000	Preceding Year Corresponding Period 31/12/2012 '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)
Trust Shares held at beginning of period	(11,117)	(11,117)	(11,117)	(11,117)
Weighted average number of ordinary shares (basic)	308,356	308,356	308,356	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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**The figures have not been audited**

**22. Realised and unrealised profits /(losses) disclosure**

The breakdown of the retained profits of the Group, into realised and unrealised profits/(losses) are as follows:-

	<b>As At End of Current Quarter</b>	<b>As At End of Preceding Financial Year</b>
	<b>31/12/2013 RM'000</b>	<b>30/06/2013 RM'000</b>
Total retained profits of the Company and the subsidiaries:-		
- realised	808,833	661,394
- unrealised	(9,962)	(1,192)
	<u>798,871</u>	<u>660,202</u>
Total share of retained profits of associated companies:		
- realised	82,827	62,998
- unrealised	5,719	8,857
	<u>88,546</u>	<u>71,855</u>
Less: Consolidation adjustments	(139,485)	(31,015)
Group retained earnings	<u>747,932</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  
28 January 2014