



Hong Leong Industries

A Member of the Hong Leong Group Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2008

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	(Restated) Preceding Year Corresponding Quarter	Current Year- To-Date	(Restated) Preceding Year Corresponding Period
	30/06/2008 RM'000	30/06/2007 RM'000	30/06/2008 RM'000	30/06/2007 RM'000
Revenue	814,033	703,768	3,094,613	2,807,905
Cost of sales	(682,732)	(601,721)	(2,561,142)	(2,336,785)
Gross profit	131,301	102,047	533,471	471,120
Operating expenses	(50,701)	(49,948)	(182,514)	(178,789)
Other operating expenses	(1,910)	(14,661)	(20,123)	(9,189)
Interest income	1,276	1,582	6,141	6,169
Finance costs	(12,623)	(13,849)	(51,627)	(67,440)
Share of profit of associated companies	13,516	13,800	47,347	63,300
Profit before taxation	80,859	38,971	332,695	285,171
Taxation	1,897	(8,010)	(37,753)	(42,902)
Profit for the period	82,756	30,961	294,942	242,269
Attributable to:				
Equity holders of the parent	52,135	5,119	177,702	129,278
Minority interests	30,621	25,842	117,240	112,991
Profit for the period	82,756	30,961	294,942	242,269
Earnings per ordinary share (sen) :-				
(a) Basic	19.87	2.13	67.66	53.24
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2008

	As At End of Current Quarter	(Restated) As At End of Preceding Financial Year
	30/06/2008 RM'000	30/06/2007 RM'000
Non-current assets		
Property, plant and equipment	1,389,205	1,353,130
Prepaid lease payments	37,294	37,679
Investments in associated companies	403,697	395,230
Other investments	1,351	1,351
Intangible assets	482,477	458,192
Deferred tax assets	1,127	461
	<u>2,315,151</u>	<u>2,246,043</u>
Current assets		
Inventories	213,039	228,093
Trade and other receivables	525,226	461,053
Tax recoverable	23,198	30,933
Short term investments	7	27
Deposits, cash and bank balances	268,023	296,400
	<u>1,029,493</u>	<u>1,016,506</u>
TOTAL ASSETS	<u>3,344,644</u>	<u>3,262,549</u>
Equity attributable to equity holders of the parent		
Share capital	140,573	140,573
Reserves	1,135,346	990,649
Treasury shares - at cost	(63,302)	(63,294)
	<u>1,212,617</u>	<u>1,067,928</u>
Minority interests	635,445	618,135
TOTAL EQUITY	<u>1,848,062</u>	<u>1,686,063</u>
Non-current liabilities		
Borrowings	330,166	294,810
Redeemable Bonds	-	250,000
Deferred tax liabilities	61,783	55,051
Retirement benefits	11,712	10,962
	<u>403,661</u>	<u>610,823</u>
Current liabilities		
Trade and other payables	431,524	427,457
Short term borrowings	394,400	527,126
Redeemable Bonds	250,000	-
Tax payable	16,997	11,080
	<u>1,092,921</u>	<u>965,663</u>
TOTAL LIABILITIES	<u>1,496,582</u>	<u>1,576,486</u>
TOTAL EQUITY AND LIABILITIES	<u>3,344,644</u>	<u>3,262,549</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	4.63	4.06

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2008

	Share capital RM'000	Share premium RM'000	Attributable to equity holders of the parent					Treasury shares RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
			Other reserves RM'000	Reserve for own shares RM'000	Share option reserve RM'000	Retained profits RM'000	Total RM'000				
Current year-to-date ended 30 June 2008											
At 1 July 2007	140,573	586,926	(43,885)	(49,763)	626	496,745	(63,294)	1,067,928	618,135	1,686,063	
Profit for the period	-	-	-	-	-	177,702	-	177,702	117,240	294,942	
Foreign currency translation differences	-	-	(3,239)	-	-	-	-	(3,239)	4,476	1,237	
Dividend paid	-	-	-	-	-	(29,129)	-	(29,129)	(76,068)	(105,197)	
Purchase of treasury shares	-	-	-	-	-	-	(8)	(8)	-	(8)	
Purchase of Trust Shares	-	-	-	(2,492)	-	-	-	(2,492)	-	(2,492)	
Transfer to capital redemption reserve	-	-	58	-	-	(58)	-	-	-	-	
Transfer to capital reserves	-	-	1,044	-	-	(1,044)	-	-	-	-	
Changes in equity in subsidiary companies	-	-	-	-	-	-	-	-	(28,843)	(28,843)	
Share-based payment	-	-	693	-	1,162	-	-	1,855	505	2,360	
At 30 June 2008	140,573	586,926	(45,329)	(52,255)	1,788	644,216	(63,302)	1,212,617	635,445	1,848,062	

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2008 (Cont'd)

	Attributable to equity holders of the parent										Total equity
	Share capital	Share premium	Other reserves	Reserve for own shares	Share option reserve	Retained profits	Treasury shares	Total ICULS	Minority interests	Total equity	
	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 2007											
At 1 July 2006	112,995	294,301	(20,772)	-	-	392,907	(63,283)	716,148	202,817	600,671	1,519,636
As previously reported	-	-	-	-	-	(325)	-	(325)	-	(225)	(550)
Prior year adjustments:	-	-	(24,152)	(17,662)	-	6,884	-	(34,930)	-	(17,137)	(52,067)
Effect of adoption of FRS 5 "Non-Current Assets Held for Sale and Discontinued Operation"	-	-	-	-	-	-	-	-	-	-	-
Effect of adoption of IC Interpretation 112 "Consolidation - Special Purpose Entities"	-	-	-	-	-	-	-	-	-	-	-
As restated	112,995	294,301	(44,924)	(17,662)	-	399,466	(63,283)	680,893	202,817	583,309	1,467,019
Profit for the period	-	-	-	-	-	129,278	-	129,278	-	112,991	242,269
Interest on ICULS	-	-	-	-	-	(7,313)	-	(7,313)	-	-	(7,313)
Foreign currency translation differences	-	-	(8,510)	-	-	-	-	(8,510)	-	1,120	(7,390)
Dividend paid	-	-	-	-	-	(15,535)	-	(15,535)	-	(72,095)	(87,630)
Conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into ordinary shares	16,356	186,461	-	-	-	-	-	202,817	(202,817)	-	-
Conversion of Convertible Bonds due 2008 ("ECB") into ordinary shares	11,222	106,164	-	-	-	-	-	117,386	-	-	117,386
Purchase of treasury shares	-	-	-	-	-	-	(11)	(11)	-	-	(11)
Purchase of Trust Shares	-	-	-	(32,101)	-	-	-	(32,101)	-	-	(32,101)
Transfer to capital reserves	-	-	9,151	-	-	(9,151)	-	-	-	-	-
Disposal of a subsidiary company	-	-	-	-	-	-	-	-	-	(209)	(209)
Changes in equity in subsidiary companies	-	-	-	-	-	-	-	-	-	(7,272)	(7,272)
Share-based payment	-	-	398	-	626	-	-	1,024	-	291	1,315
At 30 June 2007	140,573	586,926	(43,885)	(49,763)	626	496,745	(63,294)	1,067,928	-	618,135	1,686,063

Dividends received by the ESOS Trust amounted to RM1,143,000 (2007: RM552,000) 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 2007.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2008

	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2008 RM'000	30/06/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	332,695	285,171
Adjustments for:-		
Share of profit of associated companies	(47,347)	(63,300)
Depreciation and amortisation	258,233	267,120
Non cash items	11,878	12,216
Net financing costs	45,486	61,271
Operating profit before changes in working capital	600,945	562,478
Changes in working capital		
Net change in current assets	(52,712)	37,563
Net change in current liabilities	9,470	(33,136)
Net income taxes paid	(18,290)	(11,810)
Other operating income received	30,607	25,509
Net financing costs paid	(45,486)	(61,271)
Net cash generated from operating activities	524,534	519,333
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investments	(52,767)	33,412
Other investments	(296,326)	(228,283)
Net cash used in investing activities	(349,093)	(194,871)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(105,197)	(87,630)
ICULS interest paid	-	(7,313)
Net repayments of borrowings	(94,882)	(152,739)
Purchase of treasury shares	(26)	(51)
Purchase of Trust Shares	(2,492)	(32,101)
Net cash used in financing activities	(202,597)	(279,834)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(27,156)	44,628
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	295,767	252,245
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(636)	(1,106)
CASH & CASH EQUIVALENTS AT END OF PERIOD	267,975	295,767

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

	30/06/2008 RM'000	30/06/2007 RM'000
Deposits, cash and bank balances	268,023	296,400
Bank overdraft	(48)	(633)
	267,975	295,767

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

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1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards (“FRS”) 134 “Interim Financial Reporting” and the applicable disclosure provisions of the 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 2007.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2007 except for the changes in accounting policies and presentation resulting from the adoption of the following applicable FRSs adopted by the Malaysian Accounting Standards Board (“MASB”):

Standard/Interpretation		Effective date
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 117	Leases	1 October 2006
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 124	Related Party Disclosures	1 October 2006
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 1192004	Employees Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members’ Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007

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1. Basis of preparation (Cont'd)

IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ , Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The adoption of FRSs 6, 107, 111, 112, 118, 120, 124, 134, 137, Amendment to FRS 119₂₀₀₄, Amendment to FRS 121 and IC Interpretations 1, 2, 5, 6, 7 and 8 do not have any significant financial impact on the financial statements of the Group.

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land are classified as prepaid lease payments and are amortised on a straight-line basis over the remaining lease term of the land. Where the leasehold land had been previously revalued, the unamortized revalued amount of leasehold land is retained as surrogate carrying amount of the prepaid lease payments as allowed by the transitional provisions of FRS 117.

Prior to 1 July 2007, leasehold lands were classified as property, plant and equipment and were stated at cost / valuation less accumulated depreciation and accumulated impairment.

The following comparatives have been restated due to the adoption of FRS 117 which has an retrospective impact on the preceding period's financial statements:-

Condensed Consolidated Balance Sheet

	At 30 June 2007		
	As Previously Reported	Adoption of FRS 117	As Restated
	RM'000	RM'000	RM'000
Property, plant and equipment	1,390,809	(37,679)	1,353,130
Prepaid lease payments	-	37,679	37,679

The MASB announced that FRS 139, Financial Instruments: Recognition and Measurement will be effective for annual periods beginning on or after 1 January 2010 hence the Group plans to adopt FRS 139 for the financial year ending 30 June 2011.

The effects resulting from the adoption of FRS 139 upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors are not disclosed by virtue of the exemption given in the standard.

2. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding annual financial statements was not qualified.

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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 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) During the quarter under review, the Company bought back 1,000 of its own shares from open market for a total cash consideration of RM4,120. During the financial year-to-date, the Company bought back 2,000 of its own shares from the open market for a total cash consideration of RM8,340. The total number of shares bought back as at 30 June 2008 was 8,428,500 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 share options granted during the quarter under review and financial year-to-date. As at 30 June 2008, the Group granted 2,000,000 conditional incentive share options ("Options") to eligible executives of the Group pursuant to the Executive Share Option Scheme ("ESOS") of the Company which was established on 23 January 2006, subject to the achievement of certain performance criteria over an option performance period.

(c) During the quarter under review, 502,700 shares were purchased by the trust set up for the ESOS ("ESOS Trust"). During the financial year-to-date, 610,900 shares were purchased by the ESOS Trust. The total number of shares purchased by the ESOS Trust as at 30 June 2008 was 10,610,900 shares ("Trust Shares").

There were no issuance of shares, share cancellation, resale of treasury shares nor repayment of debt or equity securities during the quarter under review and financial year-to-date.

7. Dividend paid

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

	Current year-to-date RM'000
First interim dividend of 5.0 sen per share less tax, paid on 28 December 2007	10,091
Second interim dividend of 10.0 sen per share less tax, paid on 20 June 2008	20,181
	<u>30,272</u>

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8. Segmental reporting

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

	Semi-conductor RM'000	Motorcycles RM'000	Building materials RM'000	Investment holdings RM'000	Total RM'000
Revenue	1,539,126	874,211	679,378	1,898	3,094,613
Results					
Segment results	169,661	139,151	38,881	(6,018)	341,675
Unallocated corporate income					(10,841)
					330,834
Interest income					6,141
Finance costs					(51,627)
Share of profit of associated companies					47,347
Profit before taxation					332,695
Taxation					(37,753)
Profit for the period					294,942

9. Valuations of property, plant and equipment

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

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 discontinued operations other than as mentioned below:-

- (i) Allied Auto Parts Sdn Bhd ("AAP"), a 69.41% subsidiary of the Company, has been placed under members' voluntarily liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965. The liquidator of AAP had, on 23 June 2008, convened a Final Meeting to conclude the liquidation of AAP. AAP will be dissolved on 22 September 2008.
- (ii) Guotrade (Malaysia) Sdn Bhd ("Guotrade"), a wholly-owned subsidiary of the Company, has been placed under member's voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965. Mr. Ling Kam Hoong of Messrs Ling Kam Hoong & Co. had been appointed as liquidator of Guotrade.
- (iii) MZ Engineering GmbH ("MZE"), an indirect wholly-owned subsidiary of the Company has been placed under member's voluntary liquidation. Mr Yap Peng Leong of AlteMarienberger Straße 30-35, D-09405 Zschopau-Hohndorf, Germany has been appointed as liquidator of MZE.

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11. Changes in the composition of the Group (Cont'd)

(iv) The following Company's subsidiaries have 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) Varinet Sdn Bhd, a 60% subsidiary;
- (c) Guolene Paper Products Sdn Bhd, a wholly-owned subsidiary of the Company

The liquidations are currently pending completion of legal execution proceedings against debtors and tax clearance from the Inland Revenue Board.

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

For the quarter under review, the Group recorded a revenue and profit before taxation ("PBT") of RM814.0 million and RM80.9 million respectively as compared with revenue and PBT of RM703.8 million and RM39.0 million respectively recorded in the preceding year's corresponding quarter. PBT of the preceding year's corresponding quarter was inclusive of an impairment loss of RM54.4 million recognised on the Group's MZ business and a gain of RM15.8 million arising from allotment of bonus redeemable preference shares to the Company by an associated company.

For the financial year, the Group recorded a PBT of RM332.7 million as compared with RM285.2 million in the preceding year's corresponding period.

The higher PBT for the quarter under review and the financial year were mainly attributable to the improvement in profits of the motorcycles and building materials businesses which were partly offset by the lower profits of the semiconductor business. In addition, the PBT for the financial year was further partly offset by the lower profit contribution from associated companies.

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

The Group recorded a PBT of RM80.9 million as compared with RM67.0 million in the preceding quarter. The higher PBT was mainly due to the improvement in profits of the semiconductor business as a result of improved cost efficiency and favourable unrealised foreign exchange differences.

15. Prospects

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the financial year ending 30 June 2009.

16. Profit forecast / profit guaranteed

This note is not applicable.

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17. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2008 RM'000	30/06/2007 RM'000	30/06/2008 RM'000	30/06/2007 RM'000
Current tax				
Malaysian				
- current	6,442	(405)	34,052	17,212
- prior years	(3,077)	(1,835)	(3,188)	(1,828)
Overseas				
- current	823	14	823	912
- prior years	-	(22)	-	(22)
	<u>4,188</u>	<u>(2,248)</u>	<u>31,687</u>	<u>16,274</u>
Deferred tax				
Malaysian				
- current	(4,940)	9,984	8,511	26,354
- prior years	(1,145)	274	(2,445)	274
	<u>(6,085)</u>	<u>10,258</u>	<u>6,066</u>	<u>26,628</u>
	<u>(1,897)</u>	<u>8,010</u>	<u>37,753</u>	<u>42,902</u>

The Group's effective tax rate is lower than the statutory tax rate due mainly to tax incentives / allowances granted to certain subsidiaries.

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

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

19. **Quoted securities**

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

(b) Particulars of investments in quoted securities as at 30 June 2008:-

	RM'000
Short term investment	
At cost	27
At book value	<u>7</u>
At market value	<u>7</u>

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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 30 June 2008 are as follows:-

	RM'000
(i) Unsecured short term borrowings	644,400
(ii) Unsecured long term borrowings	330,166
	<u>974,566</u>

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

	RM'000
USD borrowings	94,842
Euro borrowings	6,533

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 19 August 2008 are as follows:-

	Contract amount
	RM'000
Foreign exchange forward contracts	<u>790,871</u>

The above contracts are maturing within a period of 12 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.

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23. Changes in Material Litigation

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

24. Dividend

(a) The Board does not recommend any final dividend for the year ended 30 June 2008 (2006/2007 : nil).

(b) For the financial year-to-date, a total dividend of 15.0 sen per share less tax has been declared (2006/2007 : 10.0 sen per share less tax).

25. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the quarter under review is based on the profit attributable to equity holders of the parent of RM52,135,000 (2006/2007: RM5,119,000) and the weighted average number of ordinary shares during the quarter of 262,443,000 (2006/2007: 240,770,000).

The calculation of basic earnings per ordinary share for the financial year-to-date is based on the profit attributable to equity holders of the parent of RM177,702,000 (2006/2007: RM129,278,000) and the weighted average number of ordinary shares during the period of 262,635,000 (2006/2007: 242,836,000).

Weighted average number of ordinary shares

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2008 '000	30/06/2007 '000	30/06/2008 '000	30/06/2007 '000
Issued ordinary shares at beginning of period	262,661	212,792	262,719	213,735
Effect of assumed mandatory conversion of ICULS into ordinary shares	-	27,485	-	32,712
Effect of conversion of ECB into ordinary shares	-	493	-	123
Effect of purchase of treasury shares	-	-	(1)	(1)
Effect of purchase of Trust Shares	(218)	-	(83)	(3,733)
Weighted average number of ordinary shares (basic)	262,443	240,770	262,635	242,836

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The figures have not been audited

25. Earnings Per Ordinary Share (Cont'd)

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the quarter under review and financial year-to-date as the potential ordinary shares from the exercise of Options would increase the basic earnings per ordinary share.

The Group had no dilution in its earnings per ordinary share in the preceding year's corresponding quarter / period as the potential ordinary shares from the exercise of Options would increase the basic earnings per ordinary share.

By Order of the Board
Hong Leong Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
25 August 2008