

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Revenue	770,679	695,595	1,423,339	1,414,968
Cost of sales	(602,479)	(555,430)	(1,131,929)	(1,134,034)
Gross profit	168,200	140,165	291,410	280,934
Operating expenses	(38,759)	(41,811)	(73,256)	(84,986)
Other operating income	15,853	4,867	15,958	9,647
Operating profit	145,294	103,221	234,112	205,595
Interest income	335	1,333	613	2,241
Finance costs	(578)	(546)	(1,115)	(1,593)
Share of profit in associated companies, net of tax	11,407	21,957	15,877	28,469
Profit before taxation	156,458	125,965	249,487	234,712
Taxation	(31,984)	(24,426)	(53,373)	(48,503)
Profit from continuing operations	124,474	101,539	196,114	186,209
Profit from discontinued operations, net of tax (N1)	5,998	998	5,704	1,209
Profit for the period	130,472	102,537	201,818	187,418
Profit attributable to:				
Owners of the Company	100,237	78,100	150,961	141,451
Non-controlling interests	30,235	24,437	50,857	45,967
Profit for the period	130,472	102,537	201,818	187,418
Earnings per ordinary share (sen): -				
(a) Basic	31.90	24.87	48.04	45.05
(b) Fully diluted	N/A	N/A	N/A	N/A

(N1) Hume Marketing Co Sdn. Bhd. ("HMKT") and Hume Roofing Products Sdn. Bhd. ("HRP"), both wholly-owned subsidiaries of the Company, had ceased business operations in the 4th Quarter of the preceding financial year ended 30 June 2020. Accordingly, the financial results of HMKT and HRP are separately disclosed as discontinued operations.

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2020 (Cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To -Date	Preceding Year Corresponding Period
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Profit for the period	130,472	102,537	201,818	187,418
Other comprehensive income/(expense), net of tax				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net change in fair value of equity investments at fair value through other comprehensive income	17,446	5,645	33,689	5,378
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	19	118	(80)	60
Share of other comprehensive income of equity accounted associates, net of tax	(3,580)	(3,102)	(7,574)	(80)
Cash flow hedge	(1,213)	(1,262)	(1,139)	(903)
Total other comprehensive income for the period	12,672	1,399	24,896	4,455
Total comprehensive income for the period	143,144	103,936	226,714	191,873
Total comprehensive income attributable to:				
Owners of the Company	113,280	79,885	176,205	146,182
Non-controlling interests	29,864	24,051	50,509	45,691
Total comprehensive income for the period	143,144	103,936	226,714	191,873

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 2020.



HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31
DECEMBER 2020

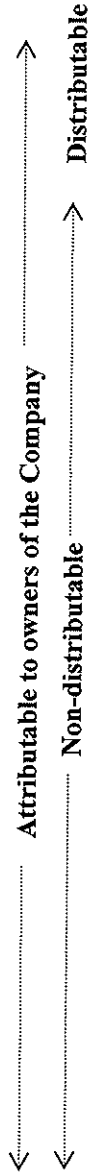
	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2020 RM'000	30/06/2020 RM'000
ASSETS		
Property, plant and equipment	270,751	265,789
Rights-of-use assets	34,254	33,195
Investment properties	4,000	4,000
Investments in associated companies	160,058	155,354
Other investments	66,040	32,282
Intangible assets	13,532	15,309
Deferred tax assets	20,889	14,925
Tax credit receivables	1,929	1,929
TOTAL NON-CURRENT ASSETS	<u>571,453</u>	<u>522,783</u>
Inventories	168,843	212,600
Trade and other receivables, including derivatives	281,061	244,148
Current tax assets	1,685	8,503
Deposits, cash and bank balances	1,483,008	1,211,109
TOTAL CURRENT ASSETS	<u>1,934,597</u>	<u>1,676,360</u>
TOTAL ASSETS	<u>2,506,050</u>	<u>2,199,143</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	321,217	321,217
Reserves	1,543,624	1,420,321
Treasury shares - at cost	(63,318)	(63,318)
	<u>1,801,523</u>	<u>1,678,220</u>
NON-CONTROLLING INTERESTS	<u>186,163</u>	<u>159,898</u>
TOTAL EQUITY	<u>1,987,686</u>	<u>1,838,118</u>
LIABILITIES		
Lease liabilities	11,320	10,529
Deferred tax liabilities	5,600	5,766
Employee benefits	21,994	24,890
TOTAL NON-CURRENT LIABILITIES	<u>38,914</u>	<u>41,185</u>
Borrowings (unsecured)	16,710	16,980
Lease liabilities	4,880	3,423
Trade and other payables, including derivatives	394,704	274,665
Tax payable	63,156	24,772
TOTAL CURRENT LIABILITIES	<u>479,450</u>	<u>319,840</u>
TOTAL LIABILITIES	<u>518,364</u>	<u>361,025</u>
TOTAL EQUITY AND LIABILITIES	<u>2,506,050</u>	<u>2,199,143</u>
Net assets per share attributable to owners of the Company (RM)	5.73	5.34

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2020.

QUARTERLY REPORTED ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020



	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Other reserves RM'000	Hedging reserve RM'000	Reserve for own shares RM'000	Executive share scheme reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
Current year-to-date ended 31 December 2020	321,217	(63,318)	28,019	3,714	(2)	(16,138)	3,650	1,401,078	1,678,220	159,898	1,838,118
At 1 July 2020	-	-	-	-	-	-	-	150,961	150,961	50,857	201,818
Profit for the period	-	-	-	-	-	-	-	33,689	33,689	-	33,689
Other comprehensive (expense)/income: -	-	-	(80)	-	-	-	-	-	(80)	-	(80)
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity accounted associates, net of tax	-	-	(7,574)	-	-	-	-	-	(7,574)	-	(7,574)
Cash flow hedge	-	-	-	-	(791)	-	-	-	(791)	(348)	(1,139)
Total comprehensive income for the period	-	-	(7,654)	-	(791)	-	-	184,650	176,205	50,509	226,714
Share-based payments/transactions	-	-	-	-	-	-	517	-	517	228	745
Dividend	-	-	-	-	-	-	-	(53,419)	(53,419)	(24,472)	(77,891)
Total transactions with owners of the Company	-	-	-	-	-	-	517	(53,419)	(52,902)	(24,244)	(77,146)
At 31 December 2020	321,217	(63,318)	20,365	3,714	(793)	(16,138)	4,167	1,532,309	1,801,523	186,163	1,987,686

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020 (Cont'd)

← Attributable to owners of the Company →
 ← Non-distributable → Distributable

	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Other reserves RM'000	Hedging reserve RM'000	Reserve for own shares RM'000	Executive share scheme reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 July 2019	321,217	(63,318)	21,694	3,714	(212)	(16,469)	4,563	1,356,064	1,627,253	136,062	1,763,315
Profit for the period	-	-	-	-	-	-	-	141,451	141,451	45,967	187,418
Other comprehensive income/(expense): -											
Loss on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	5,378	5,378	-	5,378
Foreign currency translation differences	-	-	60	-	-	-	-	-	60	-	60
Share of other comprehensive income of equity accounted associates, net of tax	-	-	(80)	-	-	-	-	-	(80)	-	(80)
Cash flow hedge	-	-	-	-	(627)	-	-	-	(627)	(276)	(903)
Total comprehensive income for the period	-	-	(20)	-	(627)	-	-	146,829	146,182	45,691	191,873
Share-based payments/transactions	-	-	-	-	-	-	570	-	570	251	821
Dividend	-	-	-	-	-	-	-	(53,379)	(53,379)	(24,472)	(77,851)
Total transactions with owners of the Company	-	-	-	-	-	-	570	(53,379)	(52,809)	(24,221)	(77,030)
At 31 December 2019	321,217	(63,318)	21,674	3,714	(839)	(16,469)	5,133	1,449,514	1,720,626	157,532	1,878,158

Dividends received by trusts set up for the Executives Share Scheme ("ESS") ("ESS Trusts") amounted to RM890,000 (31 December 2019: RM932,000) are eliminated against the dividend expenses of the Company following the consolidation of ESS Trust.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2020

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HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
31 DECEMBER 2020

	Current Year- To-Date 31/12/2020 RM'000	Preceding Year Corresponding Period 31/12/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- From continuing operations	249,487	234,712
- From discontinued operations	5,747	1,570
	<u>255,234</u>	<u>236,282</u>
Adjustments for: -		
Share of profit in associated companies, net of tax	(15,877)	(28,469)
Depreciation and amortisation	29,891	32,192
Reversal of impairment on property, plant and equipment	(4,073)	-
Dividend income	(11,457)	(16,163)
Non-cash items	(4,379)	1,220
Net financing expense	444	(103)
Operating profit before changes in working capital	<u>249,783</u>	<u>224,959</u>
Changes in working capital		
Net change in current assets	5,907	27,707
Net change in current liabilities	118,899	57,504
Taxation paid	(14,345)	(28,723)
Net financing (expenses)/income (paid)/received	(113)	103
Dividend received	15,057	41,360
Retirement benefits paid	(247)	(170)
Net cash generated from operating activities	<u>374,941</u>	<u>322,740</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(22,539)	(14,759)
Addition of intangible assets	(4,453)	(6,662)
Proceeds from disposal of property, plant & equipment	4,166	1,001
Net cash used in investing activities	<u>(22,826)</u>	<u>(20,420)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(1,985)	(3,095)
Dividend paid to owners of the Company	(53,419)	(53,379)
Dividend paid to non-controlling shareholders of subsidiary companies	(24,472)	(24,472)
Drawdown of borrowings	62,772	33,930
Repayment of borrowings	(63,042)	(41,060)
Net cash used in financing activities	<u>(80,146)</u>	<u>(88,076)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	271,969	214,244
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,211,109	1,039,941
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	(70)	211
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>1,483,008</u>	<u>1,254,396</u>

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

	31/12/2020 RM'000	31/12/2019 RM'000
Deposits, cash and bank balances	<u>1,483,008</u>	<u>1,254,396</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2020.

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

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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 paragraph 9.22 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 2020. This interim financial report also complies with International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2020 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020 which are applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

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

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

3. Seasonality or cyclical nature of interim operations

There has been no material seasonal or cyclical factor affecting the results of the quarter under review.

4. Nature and amounts 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 of 31 December 2020 was 8,432,500 shares and the shares are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016.

(b) There were no additional shares purchased by the ESS Trusts during the quarter under review and financial year to date.

As of 31 December 2020, the total number of ordinary shares in the Company (“HLI Shares”) held by the ESS Trusts was 5,237,973 ordinary shares.

Subsequent to the quarter under review, a total of 62,557 HLI Shares in the Company held in a ESS Trusts were transferred to an eligible executive of the Group arising from the vesting of free HLI Shares pursuant to the ESS.

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

7. Dividend paid

During the financial year-to-date, the Company paid an interim single tier dividend of 17.0 sen per share amounting to RM54.3 million on 23 December 2020.

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

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8. Operating Segments

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

	Consumer Products	Discontinued Operations – Industrial Products	Total
	RM'000	RM'000	RM'000
Segment profit	220,048	5,747	225,795
Included in the measure of segment profit are:			
Revenue from external customers	1,299,674	9,994	1,309,668
Depreciation and amortisation	25,135	91	25,226
Reconciliation of reportable segment profit			
Profit			
Reportable segment			225,795
Non-reportable segment			14,064
Profit from discontinued operations			(5,747)
Interest income			613
Finance costs			(1,115)
Share of profit in associated companies, net of tax			15,877
Consolidated profit before taxation (excluding discontinued operations)			249,487
		External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment		1,309,668	25,226
Non-reportable segment		123,665	4,665
Discontinued operations		(9,994)	(91)
Total		1,423,339	29,800

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

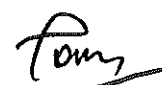
10. Changes in the composition of the Group

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 member's voluntary liquidation: -

- (a) Glenex Sdn Bhd, an indirect wholly-owned subsidiary
- (b) Stonenet Sdn Bhd, an indirect wholly-owned subsidiary; and
- (c) Maxider Sdn Bhd, a wholly-owned subsidiary.

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



HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

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10. **Changes in the composition of the Group (cont'd)**

Hume Marketing Co Sdn. Bhd. and Hume Roofing Products Sdn. Bhd., both wholly-owned subsidiaries of the Company, had ceased business operations since June 2020.

11. **Review of Performance**

For the quarter under review, the Group (excluding Discontinued Operations) recorded revenue of RM771 million and profit before taxation ("PBT") of RM156 million as compared with revenue and PBT of RM696 million and RM126 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2020 ("FY2020").

For the financial year-to-date, the Group (excluding Discontinued Operations) recorded revenue of RM1,423 million and PBT of RM249 million as compared with revenue of RM1,415 million and PBT of RM235 million for the corresponding period of FY2020.

The overall improvement in business environment and the business restructuring taken during the Movement Control Order months have mainly contributed to the increase in revenue and PBT for the quarter under review and financial year-to-date. The results were partially offset by lower share of profits from an associated company as demand has yet to recover to pre COVID-19 levels.

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

For the quarter under review, the Group (excluding Discontinued Operations) recorded PBT of RM156 million as compared with PBT of RM93 million for the preceding quarter. The improvement in PBT from the preceding quarter was mainly driven by higher sales volume in all business segments including contributions from associated companies as market demand continued to recover. In addition, overall operating costs have also improved with cost savings and operational excellence initiatives.

13. **Prospects**

Whilst the economy has gradually recovered from the previous quarter, the markets continue to face uncertainties. Barring any unforeseen circumstances of the COVID-19 situation, the Board is cautiously optimistic that the Group's performance for the financial year ending 30 June 2021 will be satisfactory.

14. **Profit forecast/profit guaranteed**

This note is not applicable.

15. **Profit before taxation**

	Current Year Quarter	Current Year To-date
	31/12/2020	31/12/2020
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting): -		
Continuing operations		
Gross dividend income from other investments	(5,764)	(11,457)
Depreciation and amortisation	15,852	29,800
Reversal of impairment loss on property, plant and equipment	(21)	(4,073)
Reversal of impairment loss on trade receivables	(100)	(294)
Reversal of provision for slow moving of inventories	(8,473)	(12,048)
Loss on foreign exchange	497	147
Fair value gain of equity investment at fair value through profit or loss	(1,798)	(68)
Gain on disposal of property, plant and equipment	(401)	(421)

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

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15. Profit before taxation (cont'd)

	Current Year Quarter	Current Year To-date
	31/12/2020	31/12/2020
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting): -		
Discontinued operations		
Gain on disposal of property, plant and equipment	(2,946)	(3,004)
Reversal of impairment loss on trade receivables	(3,000)	(3,000)

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian - current year	32,027	24,696	53,479	48,276
- prior years	-	-	6,068	(427)
	<u>32,027</u>	<u>24,696</u>	<u>59,547</u>	<u>47,849</u>
Deferred taxation				
Malaysian - current year	-	(20)	-	(45)
- prior years	-	-	(6,131)	1,060
	<u>-</u>	<u>(20)</u>	<u>(6,131)</u>	<u>1,015</u>
	<u>32,027</u>	<u>24,676</u>	<u>53,416</u>	<u>48,864</u>
Income tax attributable to continuing operations	31,984	24,426	53,373	48,503
Income tax attributable to discontinued operations	43	250	43	361
	<u>32,027</u>	<u>24,676</u>	<u>53,416</u>	<u>48,864</u>

The Group's effective tax rate for the quarter under review and financial year-to-date is lower than the statutory tax rate mainly due to certain income 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 31 December 2020 is as follow: -

	RM'000
Unsecured short-term borrowings	<u>16,710</u>

There were no borrowings denominated in foreign currencies as of 31 December 2020.

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

The figures have not been audited

19. Changes in Material Litigation

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

20. Dividend

- (a) The Board does not recommend any interim dividend for the quarter ended 31 December 2020 of the financial year ending 30 June 2021 (2nd quarter FY2020: Nil)
- (b) For the financial year-to-date, single tier dividend of 17.0 sen per share (year-to-date FY2020: single tier dividend of 17.0 sen per share), has been declared and paid.

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 RM100,237,000 (2nd quarter FY2020: RM78,100,000) by weighted average number of ordinary shares during the quarter of 314,235,000 (2nd quarter FY2020: 313,993,000).

The basic earnings per share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM150,961,000 (2nd quarter FY2020: RM141,451,000) by the weighted average number of ordinary shares during the quarter of 314,235,000 (2nd quarter FY2020: 313,993,000).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year- To- Date	Preceding Year
	Quarter	Corresponding Quarter	Year- To- Date	Corresponding Period
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	'000	'000	'000	'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	(5,238)	(5,480)	(5,238)	(5,480)
	314,235	313,993	314,235	313,993
Effect of Trust Shares vested/sold	-	-	-	-
Weighted average number of ordinary shares (basic)	314,235	313,993	314,235	313,993

(b) Diluted earnings per ordinary share

The Group's diluted earnings per ordinary share for the quarter under review and financial year-to-date approximates its basic earnings per ordinary share.

The Group had no dilution in its earnings per ordinary share for the preceding year's corresponding quarter/period as there were no dilutive potential ordinary shares.

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020

The figures have not been audited

22. Derivatives

The Group has entered into a number of forward foreign exchange contracts by subsidiaries to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

As at 31 December 2020, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets / (Liabilities)
	RM'000	RM'000
Less than 1 year	<u>56,869</u>	<u>(1,142)</u>

Derivatives (which are classified as financial assets/liabilities) categorised as fair value through profit or loss are subsequently measured at their fair values with the gains/losses recognised in profit or loss. Gains/losses arising from fair value changes of derivatives is as disclosed in Note 15.

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year ended 30 June 2020.

23. Gains/losses arising from fair value changes of financial liabilities

Other than derivatives which are classified as financial liabilities when they are at fair value loss position, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

By Order of the Board
Hong Leong Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
26 February 2021