

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Revenue	884,449	276,995	884,449	276,995
Cost of sales	(726,769)	(242,285)	(726,769)	(242,285)
Gross profit	157,680	34,710	157,680	34,710
Operating expenses	(44,821)	(32,243)	(44,821)	(32,243)
Other operating (expenses) / income	(3,927)	6,684	(3,927)	6,684
Operating profit	108,932	9,151	108,932	9,151
Interest income	9,105	448	9,105	448
Finance costs	(627)	(380)	(627)	(380)
Share of profit / (loss) in associated companies, net of tax	16,557	(2,946)	16,557	(2,946)
Profit before taxation	133,967	6,273	133,967	6,273
Taxation	(28,382)	(2,240)	(28,382)	(2,240)
Profit for the period	105,585	4,033	105,585	4,033
Profit attributable to:				
Owners of the Company	81,881	662	81,881	662
Non-controlling interests	23,704	3,371	23,704	3,371
Profit for the period	105,585	4,033	105,585	4,033
Earnings per ordinary share (sen): -				
(a) Basic	26.03	0.21	26.03	0.21
(b) Diluted	N/A	N/A	N/A	N/A

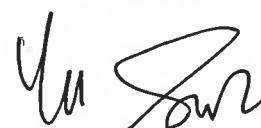
HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
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30 SEPTEMBER 2022

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (Cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Profit for the period	105,585	4,033	105,585	4,033
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	1,209	14,590	1,209	14,590
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	174	(24)	174	(24)
Share of other comprehensive income of equity accounted associates, net of tax	3,826	2,842	3,826	2,842
Cash flow hedge	2,529	(518)	2,529	(518)
Total other comprehensive income for the period	7,738	16,890	7,738	16,890
Total comprehensive income for the period	113,323	20,923	113,323	20,923
Total comprehensive income attributable to:				
Owners of the Company	88,846	17,711	88,846	17,711
Non-controlling interests	24,477	3,212	24,477	3,212
Total comprehensive income for the period	113,323	20,923	113,323	20,923

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30
SEPTEMBER 2022

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/09/2022 RM'000	30/06/2022 RM'000
ASSETS		
Property, plant and equipment	227,127	233,250
Right-of-use assets	23,444	24,505
Investment property	4,000	4,000
Investments in associated companies	196,682	176,299
Other investments	69,458	68,726
Intangible assets	32,660	39,102
Deferred tax assets	21,829	21,829
Tax credit receivable	960	960
TOTAL NON-CURRENT ASSETS	576,160	568,671
Inventories	290,381	311,782
Trade and other receivables, including derivatives	298,850	279,685
Current tax assets	1,586	2,006
Short-term money market funds and term investment account-i	319,000	132,683
Cash and cash equivalents	1,214,402	1,271,174
TOTAL CURRENT ASSETS	2,124,219	1,997,330
TOTAL ASSETS	2,700,379	2,566,001
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	321,217	321,217
Reserves	1,736,699	1,647,752
Treasury shares - at cost	(63,318)	(63,318)
	1,994,598	1,905,651
NON-CONTROLLING INTERESTS		
	172,953	148,432
TOTAL EQUITY	2,167,551	2,054,083
LIABILITIES		
Lease liabilities	2,813	3,843
Deferred tax liabilities	5,357	5,357
Employee benefits	24,469	24,067
TOTAL NON-CURRENT LIABILITIES	32,639	33,267
Borrowings (unsecured)	21,500	18,689
Lease liabilities	4,880	4,880
Trade and other payables, including derivatives	441,744	411,864
Tax payable	32,065	43,218
TOTAL CURRENT LIABILITIES	500,189	478,651
TOTAL LIABILITIES	532,828	511,918
TOTAL EQUITY AND LIABILITIES	2,700,379	2,566,001
Net assets per share attributable to owners of the Company (RM)	6.34	6.06

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

←----- 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
Current year-to-date ended 30 September 2022											
At 1 July 2022	321,217	(63,318)	32,121	3,714	(58)	(15,262)	533	1,626,704	1,905,651	148,432	2,054,083
Profit for the period	-	-	-	-	-	-	-	81,881	81,881	23,704	105,585
Other comprehensive income: -											
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	1,209	1,209	-	1,209
Foreign currency translation differences	-	-	174	-	-	-	-	-	174	-	174
Share of other comprehensive income of equity accounted associates, net of tax	-	-	3,826	-	-	-	-	-	3,826	-	3,826
Cash flow hedge	-	-	-	-	1,756	-	-	-	1,756	773	2,529
Total comprehensive income for the period	-	-	4,000	-	1,756	-	-	83,090	88,846	24,477	113,323
Share-based payments/transactions	-	-	-	-	-	-	101	-	101	44	145
Total transactions with owners of the Company	-	-	-	-	-	-	101	-	101	44	145
At 30 September 2022	321,217	(63,318)	36,121	3,714	1,698	(15,262)	634	1,709,794	1,994,598	172,953	2,167,551

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (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
Preceding year corresponding period ended 30 September 2021											
At 1 July 2021	321,217	(63,318)	24,877	3,714	404	(15,699)	1,616	1,593,628	1,866,439	147,738	2,014,177
Profit for the period	-	-	-	-	-	-	-	662	662	3,371	4,033
Other comprehensive income/(expense): -											
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	14,590	14,590	-	14,590
Foreign currency translation differences	-	-	(24)	-	-	-	-	-	(24)	-	(24)
Share of other comprehensive income of equity accounted associates, net of tax	-	-	2,842	-	-	-	-	-	2,842	-	2,842
Cash flow hedge	-	-	-	-	(359)	-	-	-	(359)	(159)	(518)
Total comprehensive income/(expense) for the period	-	-	2,818	-	(359)	-	-	15,252	17,711	3,212	20,923
Share-based payments/transactions	-	-	-	-	-	-	137	-	137	61	198
Total transactions with owners of the Company	-	-	-	-	-	-	137	-	137	61	198
At 30 September 2021	321,217	(63,318)	27,695	3,714	45	(15,699)	1,753	1,608,880	1,884,287	151,011	2,035,298

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 2022

	Current Year- To-Date 30/09/2022 RM'000	Preceding Year Corresponding Period 30/09/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	133,967	6,273
Adjustments for: -		
Share of (profit) / loss in associated companies, net of tax	(16,557)	2,946
Depreciation and amortisation	19,045	15,402
Dividend income	(220)	(4,707)
Non-cash items	263	(733)
Interest income	(9,105)	(448)
Finance costs	627	380
Operating profit before changes in working capital	128,020	19,113
Changes in working capital		
Net change in current assets	3,957	(107,327)
Net change in current liabilities	30,733	50,293
Tax paid	(39,115)	(35,060)
Interest income received	9,105	448
Finance costs paid	(627)	(380)
Dividend received	220	4,707
Retirement benefits paid	(367)	-
Net cash generated from / (used in) operating activities	131,926	(68,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(5,701)	(2,907)
Addition of intangible assets	(485)	(114)
Placement in short-term money market funds and term investment account-i	(186,317)	(8,712)
Proceeds from disposal of property, plant & equipment	1,854	36
Net cash generated used in investing activities	(190,649)	(11,697)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(1,030)	(1,001)
Drawdown of borrowings	33,890	15,370
Repayment of borrowings	(31,079)	(19,500)
Net cash generated from/(used in) financing activities	1,781	(5,131)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(56,942)	(85,034)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,271,174	1,029,139
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	170	(33)
CASH & CASH EQUIVALENTS AT END OF PERIOD	1,214,402	944,072

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

	30/09/2022 RM'000	30/09/2021 RM'000
Short-term money market fund and term investment account-i	1,027,893	-
Deposits, cash and bank balances	186,509	944,072
	1,214,402	944,072

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.



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1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“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 2022. This interim financial report also complies with International Accounting Standard 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 2022 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2022 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 cyclicity 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 ordinary shares of the Company (“HLI Shares”) bought back as of 30 September 2022 was 8,432,500 HLI 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. The total number of HLI shares held by the ESS Trusts as of 30 September 2022 was 4,948,219 HLI Shares.

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

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



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8. Operating Segments

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

		Consumer Products RM'000
Segment profit		<u>106,512</u>
Included in the measure of segment profit are:		
Revenue from external customers		809,562
Depreciation and amortisation		<u>(17,165)</u>
Reconciliation of reportable segment profit		RM'000
Profit		
Reportable segment		106,512
Non-reportable segment		2,420
Interest income		9,105
Finance costs		(627)
Share of profit in associated companies, net of tax		<u>16,557</u>
Consolidated profit before taxation		<u>133,967</u>
	External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	809,562	17,165
Non-reportable segment	74,887	1,880
Total	<u>884,449</u>	<u>19,045</u>

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.

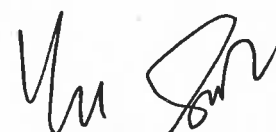
10. Changes in the composition of the Group

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: -

- (i) Glenex Sdn Bhd, an indirect wholly-owned subsidiary;
- (ii) Maxider Sdn Bhd, a wholly-owned subsidiary; and
- (iii) Avenues Zone, Inc, an indirect wholly-owned subsidiary.

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



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11. Review of Performance

For the quarter under review and financial year-to-date, the Group recorded revenue of RM884 million and profit before taxation (“PBT”) of RM134 million as compared with revenue of RM277 million and PBT of RM6 million for the corresponding quarter of the preceding financial year ended 30 June 2022 (“FY2022”).

Revenue and PBT for the current quarter under review were significantly higher than the corresponding quarter of FY2022 as the corresponding quarter was affected by the lower sales across all product segments and the curtailment of production for 2 months due to Movement Control Order.

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

For the quarter under review, the Group recorded PBT of RM134 million as compared with PBT of RM129 million for the preceding quarter. The improved PBT as compared with the preceding quarter was mainly contributed by the revenue growth in motorcycles sales and the improved profit of associates.

13. Prospects

While the supply chain disruption issue has progressively improved, the rising costs of materials and energy prices remain the major challenges affecting the profit margin of the Group. The Group will continue to improve the plant productivity, reduce costs and develop new products to overcome these challenges. The Board expects the Group’s performance for the financial year ending 30 June 2023 to be satisfactory.

14. Profit forecast/profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year- To-date
	30/09/2022	30/09/2022
	RM'000	RM'000
Profit before taxation is arrived at after (charging) / crediting: -		
Gross dividend income from other investments	220	220
Depreciation and amortisation	(19,045)	(19,045)
Impairment loss on trade receivables	(51)	(51)
Reversal of provision for slow moving inventories	1,858	1,858
Loss on foreign exchange	(5,812)	(5,812)
Loss on fair value of financial assets at fair value through profit or loss	(477)	(477)
Gain on disposal of property, plant and equipment	810	810
Reversal on impairment of property, plant and equipment	277	277



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16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian - current year	28,363	2,240	28,363	2,240
- prior years	19	-	19	-
	<u>28,382</u>	<u>2,240</u>	<u>28,382</u>	<u>2,240</u>

17. **Corporate Proposals**

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

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

Particulars of the Group's borrowings and debt securities as at 30 September 2022 is as follows: -

Unsecured short-term borrowings	RM'000
	<u>21,500</u>

There were no borrowings denominated in foreign currencies as of 30 September 2022.

19. **Changes in Material Litigation**

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

20. **Dividend**

- (a) The Board has declared an interim single tier dividend of 20.0 sen per share for the quarter ended 30 September 2022 of the financial year ending 30 June 2023 (1st quarter FY2022 : an interim single tier dividend of 17.0 sen per share) to be paid on 22 December 2022 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 9 December 2022.

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 4.30 p.m. on 9 December 2022 in respect of ordinary transfers; and
 - (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Bursa Malaysia Securities Berhad's Listing Requirements.
- (b) For the financial year-to-date, a total single tier dividend of 20.0 sen per share (1st quarter FY2022: single tier dividend of 17.0 sen per share), has been declared.

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21. Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

The basic earnings per ordinary share for the quarter under review and financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM81,881,000 (1st quarter FY2022: RM662,000) by the weighted average number of ordinary shares during the quarter of 314,525,000 (1st quarter FY2022: 314,380,000).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year- To-	Year
	Corresponding	Date	Corresponding	
	Quarter	Quarter	Period	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	'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	(4,948)	(5,093)	(4,948)	(5,093)
	314,525	314,380	314,525	314,380
Effect of ESS Trust Shares vested	-	-	-	-
Weighted average number of ordinary shares (basic)	314,525	314,380	314,525	314,380

(b) Diluted earnings per ordinary share

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

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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 30 September 2022, 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	131,380	2,431

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.

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 2022.

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

Wong Wei Fong
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
24 November 2022

