

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2023

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	766,999	777,114	3,416,400	2,466,417
Cost of sales	(624,076)	(628,530)	(2,820,009)	(1,999,798)
Gross profit	142,923	148,584	596,391	466,619
Operating expenses	(38,300)	(45,090)	(164,251)	(158,387)
Other operating (expenses)/income	(1,847)	9,298	(20,514)	26,038
Operating profit	102,776	112,792	411,626	334,270
Interest income	16,338	6,600	52,831	13,395
Finance costs	(440)	(472)	(1,976)	(1,626)
Share of profit in associated companies, net of tax	6,567	10,223	49,631	30,945
Profit before taxation	125,241	129,143	512,112	376,984
Taxation	(30,820)	(34,010)	(118,559)	(99,326)
Profit for the period	94,421	95,133	393,553	277,658
Profit attributable to:				
Owners of the Company	69,285	72,677	290,606	210,939
Non-controlling interests	25,136	22,456	102,947	66,719
Profit for the period	94,421	95,133	393,553	277,658
Earnings per ordinary share (sen): -				
(a) Basic	22.02	23.11	92.38	67.09
(b) Diluted	N/A	N/A	N/A	N/A

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
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ENDED 30 JUNE 2023

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2023 (Cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
Profit for the period	94,421	95,133	393,553	277,658
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 (expense)/income	(120)	(19,224)	2,115	(24,327)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	296	155	672	200
Share of other comprehensive income of equity accounted associates, net of tax	7,035	4,178	6,494	7,044
Cash flow hedge	995	(302)	528	(666)
Total other comprehensive income/(expense) for the period	8,206	(15,193)	9,809	(17,749)
Total comprehensive income for the period	102,627	79,940	403,362	259,909
Total comprehensive income attributable to:				
Owners of the Company	77,186	57,657	300,255	193,394
Non-controlling interests	25,441	22,283	103,107	66,515
Total comprehensive income for the period	102,627	79,940	403,362	259,909

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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HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	As At End of Current Quarter 30/06/2023 RM'000	As At End of Preceding Financial Year 30/06/2022 RM'000
ASSETS		
Property, plant and equipment	195,561	233,250
Right-of-use assets	23,162	24,505
Investment property	4,000	4,000
Investments in associated companies	182,338	176,299
Other investments	72,957	68,726
Intangible assets	49,949	39,102
Deferred tax assets	19,074	21,829
Tax credit receivable	-	960
TOTAL NON-CURRENT ASSETS	547,041	568,671
Inventories	336,503	311,782
Trade and other receivables, including derivatives	272,163	279,685
Current tax assets	802	2,006
Short-term investments and deposits placed with licensed banks	961,600	132,683
Cash and cash equivalents	525,967	1,271,174
	2,097,035	1,997,330
Assets classified as held for sale	58,713	-
TOTAL CURRENT ASSETS	2,155,748	1,997,330
TOTAL ASSETS	2,702,789	2,566,001
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	321,217	321,217
Reserves	1,769,999	1,647,752
Treasury shares - at cost	(63,318)	(63,318)
	2,027,898	1,905,651
NON-CONTROLLING INTERESTS	160,322	148,432
TOTAL EQUITY	2,188,220	2,054,083
LIABILITIES		
Lease liabilities	2,540	3,843
Deferred tax liabilities	5,357	5,357
Employee benefits	21,863	24,067
TOTAL NON-CURRENT LIABILITIES	29,760	33,267
Borrowings (unsecured)	-	18,689
Lease liabilities	4,880	4,880
Trade and other payables, including derivatives	406,741	411,864
Tax payable	34,209	43,218
	445,830	478,651
Liabilities classified as held for sale	38,979	-
TOTAL CURRENT LIABILITIES	484,809	478,651
TOTAL LIABILITIES	514,569	511,918
TOTAL EQUITY AND LIABILITIES	2,702,789	2,566,001
Net assets per share attributable to owners of the Company (RM)	6.45	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.

HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

	Attributable to owners of the Company							Total RM'000	Non- controlling interest RM'000	Total equity RM'000	
	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			
Current year-to-date ended 30 June 2023											
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	-	-	-	-	-	-	-	290,606	290,606	102,947	393,553
Other comprehensive income: -											
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,115	2,115	-	2,115
Foreign currency translation differences	-	-	672	-	-	-	-	-	672	-	672
Share of other comprehensive income of equity accounted associates, net of tax	-	-	6,494	-	-	-	-	-	6,494	-	6,494
Cash flow hedge	-	-	-	-	368	-	-	-	368	160	528
Total comprehensive income for the period	-	-	7,166	-	368	-	-	292,721	300,255	103,107	403,362
Share-based payments/transactions											
Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	309	(564)	255	-	-	-
Dividends	-	-	-	-	-	-	-	(179,316)	(179,316)	(91,767)	(271,083)
Total transactions with owners of the Company	-	-	-	-	-	309	744	(179,061)	(178,008)	(91,217)	(269,225)
At 30 June 2023	321,217	(63,318)	39,287	3,714	310	(14,953)	1,277	1,740,364	2,027,898	160,322	2,188,220

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023 (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 June 2022											
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	-	-	-	-	-	-	-	210,939	210,939	66,719	277,658
Other comprehensive income/(expense):											
Loss on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(24,327)	(24,327)	-	(24,327)
Foreign currency translation differences	-	-	200	-	-	-	-	-	200	-	200
Share of other comprehensive income of equity accounted associates, net of tax	-	-	7,044	-	-	-	-	-	7,044	-	7,044
Cash flow hedge	-	-	-	-	(462)	-	-	-	(462)	(204)	(666)
Total comprehensive income/(expense) for the period	-	-	7,244	-	(462)	-	-	186,612	193,394	66,515	259,909
Share-based payments/transactions											
Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	437	(1,813)	1,376	730	322	1,052
Addition of equity interest in a subsidiary company	-	-	-	-	-	-	-	8,616	8,616	(20,258)	(11,642)
Dividends	-	-	-	-	-	-	-	(163,528)	(163,528)	(45,885)	(209,413)
Total transactions with owners of the Company	-	-	-	-	-	437	(1,083)	(153,536)	(154,182)	(65,821)	(220,003)
At 30 June 2022	321,217	(63,318)	32,121	3,714	(58)	(15,262)	533	1,626,704	1,905,651	148,432	2,054,083

Dividend received by the Executive Share Scheme Trusts ("ESS Trusts") amounted to RM2,784,000 (30 June 2022- RM2,598,000) for the Group is eliminated against the dividend expenses of the Company upon consolidation of the ESS Trusts.

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 JUNE 2023

	Current Year- To-Date 30/06/2023 RM'000	Preceding Year Corresponding Period 30/06/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	512,112	376,984
Adjustments for: -		
Share of profit in associated companies, net of tax	(49,631)	(30,945)
Depreciation and amortisation	78,543	66,081
Dividend income	(983)	(10,386)
Non-cash items	18,173	(10,098)
Interest income	(52,831)	(13,395)
Finance costs	1,976	1,626
Operating profit before changes in working capital	507,359	379,867
Changes in working capital		
Net change in current assets	(54,221)	(78,333)
Net change in current liabilities	16,471	134,362
Tax paid	(127,895)	(80,340)
Interest income received	52,831	13,395
Finance costs paid	(1,976)	(1,626)
Dividend received	51,070	37,225
Retirement benefits paid	(1,880)	(1,230)
Net cash generated from operating activities	441,759	403,320
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(29,494)	(20,177)
Addition of intangible assets	(42,545)	(37,422)
(Placement)/Uplift in short-term investments and deposits placed with licensed banks	(828,917)	100,625
Proceeds from disposal of property, plant & equipment	2,185	4,331
Proceeds from disposal of right-of-use assets	-	9,890
Net cash (used in) / generated from investing activities	(898,771)	57,247
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(4,902)	(3,795)
Acquisition of additional equity interest in a subsidiary company	-	(11,642)
Dividends paid to owners of the Company	(179,316)	(163,528)
Dividends paid to non-controlling shareholders of subsidiary companies	(91,767)	(45,885)
Drawdown of borrowings	111,440	121,529
Repayment of borrowings	(115,169)	(115,440)
Net cash used in financing activities	(279,714)	(218,761)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(736,726)	241,806
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	673	229
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,271,174	1,029,139
CASH & CASH EQUIVALENTS AT END OF PERIOD	535,121	1,271,174

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

	30/06/2023 RM'000	30/06/2022 RM'000
Term investment account-i and short-term money market fund	285,500	1,002,889
Deposits, cash and bank balances	240,467	268,285
Assets classified as held for sale	9,154	-
	535,121	1,271,174

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 June 2023 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) During the financial year-to-date, a total of 100,342 HLI Shares held in ESS Trusts were transferred to an eligible executive of the Group following the vesting of free HLI Shares pursuant to the ESS.

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 June 2023 was 4,847,877 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.

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7. Dividend paid

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

	Current Year-To-Date RM'000
First interim single tier dividend of 20 sen per share, paid on 22 December 2022	63,895
Second interim single tier dividend of 37 sen per share, paid on 20 June 2023	118,205
	<u>182,100</u>

8. Operating Segments

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

	Consumer Products RM'000
Segment profit	<u>454,446</u>
Included in the measure of segment profit are:	
Revenue from external customers	3,162,702
Depreciation and amortisation	<u>(71,530)</u>
Reconciliation of reportable segment profit	RM'000
Profit	
Reportable segment	454,446
Non-reportable segment	6,811
Interest income	52,831
Finance costs	<u>(1,976)</u>
Consolidated profit before taxation	<u>512,112</u>

	External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	3,162,702	71,530
Non-reportable segment	253,698	7,013
Total	<u>3,416,400</u>	<u>78,543</u>


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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.

Subsequent to the financial year, the following two wholly-owned subsidiaries have been incorporated:

- (i) Knight Star Sdn Bhd; and
- (ii) Prima Perfection Sdn Bhd.

11. Review of Performance

For the quarter under review, the Group recorded revenue of RM767 million and profit before taxation ("PBT") of RM125 million as compared with revenue of RM777 million and PBT of RM129 million for the corresponding quarter of the preceding financial year ended 30 June 2022 ("FY2022").

The lower revenue and PBT for the quarter as compared with the corresponding quarter of FY2022 were mainly attributed to the lower sales of motorcycle business as the market demand of motorcycles was affected by the credit tightening in motorcycle financing.

For the financial year-to-date, the Group recorded revenue of RM3,416 million and PBT of RM512 million as compared with revenue of RM2,466 million and PBT of RM377 million for the corresponding period of FY2022.

Higher revenue and PBT for the financial year-to-date as compared with the corresponding period of FY2022 were mainly contributed by higher sales of motorcycle business. The revenue and PBT of the corresponding period were low due to the curtailment of 2 months production caused by Movement Control Order in the first quarter and the supply chain disruption which affected the production and sales of motorcycle business in the second quarter of FY2022.

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

For the quarter under review, the Group recorded PBT of RM125 million as compared with PBT of RM130 million for the preceding quarter. The lower PBT as compared with the preceding quarter was mainly attributed to the lower sales of motorcycle business as the results of credit tightening in motorcycle financing.

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13. **Prospects**

While Malaysian economy is expecting a slower growth for the upcoming quarters, the Board expects the market demand for the Group's products to remain robust. However, cost inflationary pressure remains the key challenge, resulting mainly from the elevated energy cost and the weaker exchange of Malaysian Ringgit against the US dollar. The Group will continue its relentless effort in driving cost down, developing new products with higher margin and exploring new businesses.

Barring any unforeseen circumstances, the Group expects to deliver satisfactory performance for FY2024.

14. **Profit forecast/profit guaranteed**



This note is not applicable.

15. **Profit before taxation**

	Current Year Quarter 30/06/2023 RM'000	Current Year- To-Date 30/06/2023 RM'000
Profit before taxation is arrived at after (charging)/crediting: -		
Gross dividend income from other investments	278	983
Depreciation and amortisation	(21,993)	(78,543)
Impairment loss on trade receivables	(13)	(95)
Provision for slow moving inventories	(3,976)	(6,109)
(Loss)/Gain on foreign exchange	(231)	1,332
Gain on fair value of financial assets at fair value through profit or loss	2,344	2,117
Gain on disposal of property, plant and equipment	118	1,010
Reversal of/(impairment) loss on property, plant and equipment	633	(13,204)

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2023 RM'000	Preceding Year Corresponding Quarter 30/06/2022 RM'000	Current Year-To- Date 30/06/2023 RM'000	Preceding Year Corresponding Period 30/06/2022 RM'000
Current taxation				
Malaysian - current year	33,193	32,636	122,996	98,119
- prior years	(2,887)	(1,909)	(2,906)	(2,076)
	<u>30,306</u>	<u>30,727</u>	<u>120,090</u>	<u>96,043</u>
Deferred taxation				
Malaysian - current year	(393)	1,744	(2,438)	1,744
- prior years	907	1,539	907	1,539
	<u>514</u>	<u>3,283</u>	<u>(1,531)</u>	<u>3,283</u>
	<u>30,820</u>	<u>34,010</u>	<u>118,559</u>	<u>99,326</u>

 
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16. Taxation (continued)

The Group's effective tax rate for the quarter under review is higher than statutory tax rate mainly due to certain expenses are not allowed as tax deductions. For the financial year-to-date, effective tax rate 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 other than as mentioned below:

On 14 June 2023, the Company announced that it had entered into a conditional sale and purchase agreement ("SPA") with Saint-Gobain Malaysia Sdn Bhd for the proposed disposal of the entire issued and paid-up share capital of Hume Cemboard Industries Sdn Bhd ("HCB") ("Sale Shares") for a cash consideration to be determined ("Proposed Disposal").

Pursuant to the SPA, the purchase price for the Sale Shares comprises mainly the sum of the estimated net asset value based on the unaudited statement of financial position of HCB at the completion date and a premium of RM20.0 million. Selected assets of HCB will not form part of the Proposed Disposal ("Excluded Assets"). The Excluded Assets comprise mainly the following:

- (i) land and buildings located at Petaling Jaya, Selangor ("PJ Plant");
- (ii) all land and buildings located at Kanthan, Perak; and
- (iii) all the assets used for the manufacture of fibre cement products at the PJ Plant (except selected inventory to be agreed by the parties including raw materials and finished goods).

Accordingly, the related assets and liabilities of HCB that form parts of the proposed disposal have been reclassified as assets and liabilities held for sale on the Condensed Consolidated Statement of Financial Position as at 30 June 2023.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the third quarter of the financial year ending 30 June 2024.

18. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 30 June 2023 is as follows: -

Unsecured short-term borrowings, reclassified to liabilities held for sale	RM'000 <u>14,960</u>
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There were no borrowings denominated in foreign currencies as of 30 June 2023.

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 final dividend for the financial year ended 30 June 2023.
- (b) For the financial year-to-date, single tier dividend of 57 sen per share (FY2022: single tier dividend of 52 sen per share), 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 RM69,285,000 (4th quarter FY2022: RM72,677,000) by the weighted average number of ordinary shares during the quarter of 314,625,000 (4th quarter FY2022: 314,525,000).

The 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 RM290,606,000 (year-to-date FY2022: RM210,939,000) by the weighted average number of ordinary shares during the period of 314,566,000 (year-to-date FY2022: 314,426,000).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year-To-	Year
	Corresponding	Corresponding	Date	Corresponding
	Quarter	Quarter	Period	Period
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	'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	(4,848)	(4,948)	(4,948)	(5,093)
	314,625	314,525	314,525	314,380
Effect of ESS Trust Shares vested	-	-	41	46
Weighted average number of ordinary shares (basic)	314,625	314,525	314,566	314,426

(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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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 30 June 2023, 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	58,623	447

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
Zoe Lim Hoon Hwa
Company Secretaries

Kuala Lumpur
23 August 2023

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