

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2024

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2024

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
Revenue	758,029	923,346	2,337,765	2,649,401
Cost of sales	(592,443)	(760,379)	(1,836,939)	(2,195,933)
Gross profit	165,586	162,967	500,826	453,468
Operating expenses	(35,890)	(40,276)	(115,796)	(125,951)
Other operating income/(expenses)	17,023	(18,586)	36,782	(18,667)
Operating profit	146,719	104,105	421,812	308,850
Interest income	17,023	15,343	47,295	36,493
Finance costs	(283)	(457)	(1,010)	(1,536)
Share of profit in associated companies, net of tax	13,229	11,047	23,263	43,064
Profit before taxation	176,688	130,038	491,360	386,871
Taxation	(41,688)	(33,925)	(108,721)	(87,739)
Profit for the period	135,000	96,113	382,639	299,132
Profit attributable to:				
Owners of the Company	99,426	65,907	289,570	221,321
Non-controlling interests	35,574	30,206	93,069	77,811
Profit for the period	135,000	96,113	382,639	299,132
Earnings per ordinary share (sen): -				
(a) Basic	31.60	20.95	92.03	70.36
(b) Diluted	N/A	N/A	N/A	N/A



HONG LEONG INDUSTRIES BERHAD (196401000167 (5486-P))
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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2024 (Cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
Profit for the period	135,000	96,113	382,639	299,132
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	8,600	313	12,094	2,235
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	60	123	140	376
Share of other comprehensive income/(expense) of equity accounted associates, net of tax	640	993	(5,987)	(541)
Cash flow hedge	941	1,805	(117)	(467)
Total other comprehensive income for the period	10,241	3,234	6,130	1,603
Total comprehensive income for the period	145,241	99,347	388,769	300,735
Total comprehensive income attributable to:				
Owners of the Company	109,374	68,589	295,736	223,069
Non-controlling interests	35,867	30,758	93,033	77,666
Total comprehensive income for the period	145,241	99,347	388,769	300,735

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 2023.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	As At End of Current Quarter 31/03/2024 RM'000	As At End of Preceding Financial Year 30/06/2023 RM'000
ASSETS		
Property, plant and equipment	187,090	195,561
Right-of-use assets	21,930	23,162
Investment property	4,000	4,000
Investments in associated companies	197,214	182,338
Other investments	86,485	72,957
Intangible assets	30,279	49,949
Deferred tax assets	19,074	19,074
TOTAL NON-CURRENT ASSETS	546,072	547,041
Inventories	186,618	336,503
Trade and other receivables, including derivatives	308,466	272,163
Current tax assets	570	802
Short-term investments and deposits placed with licensed banks	1,040,850	961,600
Cash and cash equivalents	839,167	525,967
	2,375,671	2,097,035
Assets classified as held for sale	350	58,713
TOTAL CURRENT ASSETS	2,376,021	2,155,748
TOTAL ASSETS	2,922,093	2,702,789
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	321,217	321,217
Reserves	1,847,698	1,769,999
Treasury shares - at cost	(63,318)	(63,318)
	2,105,597	2,027,898
NON-CONTROLLING INTERESTS	223,754	160,322
TOTAL EQUITY	2,329,351	2,188,220
LIABILITIES		
Lease liabilities	1,983	2,540
Deferred tax liabilities	2,527	5,357
Employee benefits	17,258	21,863
TOTAL NON-CURRENT LIABILITIES	21,768	29,760
Lease liabilities	4,880	4,880
Trade and other payables, including derivatives	496,728	406,741
Tax payable	69,366	34,209
	570,974	445,830
Liabilities classified as held for sale	-	38,979
TOTAL CURRENT LIABILITIES	570,974	484,809
TOTAL LIABILITIES	592,742	514,569
TOTAL EQUITY AND LIABILITIES	2,922,093	2,702,789
Net assets per share attributable to owners of the Company (RM)	6.70	6.45

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2024

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

	Attributable to owners of the Company							Distributable			
	Non-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 31 March 2024											
At 1 July 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
Profit for the period	-	-	-	-	-	-	-	289,570	289,570	93,069	382,639
Other comprehensive income/(expense): -											
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	12,094	12,094	-	12,094
Foreign currency translation differences	-	-	140	-	-	-	-	-	140	-	140
Share of other comprehensive expense of equity accounted associates, net of tax	-	-	(5,987)	-	-	-	-	-	(5,987)	-	(5,987)
Cash flow hedge	-	-	-	-	(81)	-	-	-	(81)	(36)	(117)
Total comprehensive income/(expense) for the period	-	-	(5,847)	-	(81)	-	-	301,664	295,736	93,033	388,769
Share-based payments/transactions											
Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	251	(213)	(38)	-	988	3,229
Dividend	-	-	-	-	-	-	-	(220,278)	(220,278)	(30,589)	(250,867)
Total transactions with owners of the Company	-	-	-	-	-	251	2,028	(220,316)	(218,037)	(29,601)	(247,638)
At 31 March 2024	321,217	(63,318)	33,440	3,714	229	(14,702)	3,305	1,821,712	2,105,597	223,754	2,329,351

The current year-to-date dividend received and receivable by the Executive Share Scheme Trusts ("ESS Trusts") amounted to RM3,352,000 (corresponding period ended 31 March 2023 – RM991,000) for the Group is eliminated against the dividend payment and payable of the Company upon consolidation of the ESS Trusts.

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2024

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024 (Cont'd)

	Attributable to owners of the Company							Retained earnings RM'000	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				
Preceding year corresponding period ended 31 March 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	-	-	-	-	-	-	-	221,321	221,321	77,811	299,132
Other comprehensive income/(expense): -											
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,235	2,235	-	2,235
Foreign currency translation differences	-	-	376	-	-	-	-	-	376	-	376
Share of other comprehensive expense of equity accounted associates, net of tax	-	-	(541)	-	-	-	-	-	(541)	-	(541)
Cash flow hedge	-	-	-	-	(322)	-	-	-	(322)	(145)	(467)
Total comprehensive income/(expense) for the period	-	-	(165)	-	(322)	-	-	223,556	223,069	77,666	300,735
Share-based payments/transactions											
Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	309	(564)	255	-	-	-
Dividend	-	-	-	-	-	-	-	(62,904)	(62,904)	(30,589)	(93,493)
Total transactions with owners of the Company	-	-	-	-	-	309	208	(62,649)	(62,132)	(30,247)	(92,379)
At 31 March 2023	321,217	(63,318)	31,956	3,714	(380)	(14,953)	741	1,787,611	2,066,588	195,851	2,262,439

The current year-to-date dividend received and receivable by the Executive Share Scheme Trusts ("ESS Trusts") amounted to RM3,352,000 (corresponding period ended 31 March 2023 – RM991,000) for the Group is eliminated against the dividend payment and payable 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 2023.

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The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2024

	Current Year- To-Date 31/03/2024 RM'000	Preceding Year Corresponding Period 31/03/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	491,360	386,871
Adjustments for: -		
Share of profit in associated companies, net of tax	(23,263)	(43,064)
Depreciation and amortisation	50,360	56,550
Dividend income	(1,353)	(705)
Non-cash items	(2,959)	17,172
Gain on disposal of subsidiaries	(18,720)	-
Interest income	(47,295)	(36,493)
Finance costs	1,010	1,536
Operating profit before changes in working capital	449,140	381,867
Changes in working capital		
Net change in current assets	151,381	(33,201)
Net change in current liabilities	(70,833)	51,785
Tax paid	(69,446)	(65,966)
Interest income received	47,295	36,493
Finance costs paid	(1,010)	(1,536)
Dividend received	3,753	21,156
Retirement benefits paid	(1,118)	(1,178)
Net cash generated from operating activities	509,162	389,420
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(12,966)	(15,811)
Deposit paid for property, plant & equipment	(38,419)	-
Addition of intangible assets	(4,560)	(30,688)
Placement in short-term investments and deposits placed with licensed banks	(79,250)	(824,417)
Disposal of subsidiaries		
- Proceeds received	112,691	-
- Taxes and other related disposal costs	(13,377)	-
- Cash and cash equivalents disposed off	(70,285)	-
Proceeds from disposal of property, plant and equipment	746	3,742
Net cash used in investing activities	(105,420)	(867,174)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(3,216)	(2,615)
Dividend paid to owners of the Company	(62,924)	(62,904)
Dividend paid to non-controlling shareholders of subsidiary companies	(30,589)	(30,589)
Drawdown of borrowings	24,430	87,750
Repayment of borrowings	(27,530)	(93,059)
Net cash used in financing activities	(99,829)	(101,417)
NET CHANGE IN CASH AND CASH EQUIVALENTS	303,913	(579,171)
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	133	374
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	535,121	1,271,174
CASH & CASH EQUIVALENTS AT END OF PERIOD	839,167	692,377

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

	31/03/2024 RM'000	31/03/2023 RM'000
Term investment account-i	77,800	2,007
Deposits, cash and bank balances	761,367	690,370
	839,167	692,377

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

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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 2023. 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 2023 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2023 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

Save for the information disclosed in this interim financial report, 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 31 March 2024 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 quarter under review and financial year-to-date, a total of 83,087 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 31 March 2024 was 4,764,790 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

During the financial year-to-date, the Company paid an interim single tier dividend of 20.0 sen per share amounting to RM63.9 million on 21 December 2023.

On 16 April 2024, the Company paid a special single tier dividend of 50.0 sen per share amounting to RM159.7 million.

8. Operating segments

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

		Consumer Products RM'000
Segment profit		<u>414,151</u>
Included in the measure of segment profit are:		
Revenue from external customers		2,202,458
Depreciation and amortisation		<u>(47,637)</u>
Reconciliation of reportable segment profit		RM'000
Profit		
Reportable segment		414,151
Non-reportable segment		30,924
Interest income		47,295
Finance costs		<u>(1,010)</u>
Consolidated profit before taxation		<u>491,360</u>
	External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	2,202,458	(47,637)
Non-reportable segment	135,307	(2,723)
Total	<u>2,337,765</u>	<u>(50,360)</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.

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10. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review and financial year-to-date, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations other than as mentioned below:

Disposal of subsidiaries

- (a) The Group had on 30 November 2023 completed the disposal of its entire issued and paid-up share capital of Hume Cemboard Industries Sdn Bhd (“HCB”) (“Sale Shares”) to Saint-Gobain Malaysia Sdn Bhd.

During the quarter under review, following the post-completion confirmation by the parties, the final consideration for the Sale Shares was agreed at RM76.5 million. The disposal had resulted in a gain of RM18.7 million to the Group for the financial year-to-date of FY2024.

- (b) The Group had on 11 December 2023 completed the disposal of its entire issued and paid-up share capital in HLI Trading Limited (“HLIT”) to Guoline International Limited for a cash consideration of USD7.8 million (equivalent to RM36.2 million as at 30 November 2023). The disposal had resulted in a gain of RM38,000 to the Group for the financial year-to-date of FY2024.

Following the completion of these disposals, HCB and HLIT have ceased to be wholly-owned subsidiaries of the Group.

Incorporation of wholly-owned subsidiaries

In July 2023, the Group had incorporated two wholly-owned subsidiaries known as Knight Star Sdn Bhd and Prima Perfection Sdn Bhd, both with the principal activity of investment holding.

Subsequent to the quarter under review, the Group had incorporated a wholly-owned subsidiary known as Gencode Sdn Bhd with principal activities involving the provision of information technology related products, solutions and services.

Subsidiaries under member’s voluntary liquidation

The following Company’s subsidiaries have been placed under member’s voluntary liquidation:

- (i) Glenex Sdn Bhd, an indirect wholly-owned subsidiary; and
- (ii) Maxider Sdn Bhd, a 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, the Group recorded revenue of RM758 million and profit before taxation (“PBT”) of RM177 million as compared with revenue of RM923 million and PBT of RM130 million for the corresponding quarter of the preceding financial year ended 30 June 2023 (“FY2023”).

For the financial year-to-date, the Group recorded revenue of RM2,338 million and PBT of RM491 million as compared with revenue of RM2,649 million and PBT of RM387 million for the corresponding period of FY2023.

The lower revenue for the current quarter and financial year-to-date was mainly due to lower sales of motorcycle business. Despite lower revenue, the Group recorded higher PBT for both the current quarter and the financial year-to-date.

The higher PBT for the current quarter was mainly attributed to a RM25 million insurance compensation received for the disruption caused by flood in the motorcycle business during the third quarter of FY2022.

The higher PBT for the financial year-to-date as compared to corresponding period of FY2023 mainly attributable to the favourable sales mix of better margin motorcycle models, the abovementioned insurance compensation received and the RM18.7 million gain from the disposal of entire equity interest in HCB.

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

For the quarter under review, the Group recorded PBT of RM177 million as compared with PBT of RM163 million for the preceding quarter. The higher PBT as compared with the preceding quarter was mainly contributed by the abovementioned insurance compensation received.

13. Prospects

Motorcycle demand is expected to remain stable. The Group will continue its focus on growing and optimising the products with better margin. Barring any unforeseen circumstances, the Board expects the Group to achieve a satisfactory result for the financial year.

14. Profit forecast/profit guaranteed

This note is not applicable.

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15. **Profit before taxation**

	Current Year Quarter 31/03/2024 RM'000	Current Year- To-Date 31/03/2024 RM'000
Profit before taxation is arrived at after (charging)/crediting: -		
Gross dividend income from other investments	478	1,353
Depreciation and amortisation	(15,200)	(50,360)
Impairment loss on property, plant and equipment	(2,024)	(2,024)
Reversal of/(impairment) loss on trade receivables	383	(168)
Provision for impairment and slow moving inventories	(1,300)	(4,917)
(Loss)/Gain on foreign exchange	(853)	1,059
Gain on fair value of financial assets at fair value through profit or loss	-	1,434
Gain on disposal of property, plant and equipment	14	586
Gain on disposal of subsidiaries	127	18,720
Insurance compensation received	25,000	25,000

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2024 RM'000	Preceding Year Corresponding Quarter 31/03/2023 RM'000	Current Year-To- Date 31/03/2024 RM'000	Preceding Year Corresponding Period 31/03/2023 RM'000
Current taxation				
Malaysian - current year	41,739	36,008	111,602	89,803
- prior years	(51)	(38)	(51)	(19)
	<u>41,688</u>	<u>35,970</u>	<u>111,551</u>	<u>89,784</u>
Deferred taxation				
Malaysian - current year	-	(2,045)	-	(2,045)
Malaysian - prior years	-	-	(2,830)	-
	<u>-</u>	<u>(2,045)</u>	<u>(2,830)</u>	<u>(2,045)</u>
	<u>41,688</u>	<u>33,925</u>	<u>108,721</u>	<u>87,739</u>

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, the effective tax rate is lower than the statutory tax rate primarily due to the non-taxable gain arising from the disposal of subsidiaries.

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**

There is no outstanding borrowings during the financial period under review.

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19. Changes in material litigation

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

20. Dividend

- (a) The Board has declared a second interim single tier dividend of 37 sen per share for the quarter ended 31 March 2024 of the financial year ending 30 June 2024 (3rd quarter FY2023: a second interim single tier dividend of 37.0 sen per share) to be paid on 25 June 2024 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 05 June 2024.

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 05 June 2024 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, interim single tier dividend of 57 sen per share and a special single tier dividend of 50.0 sen per share (year-to-date FY2023: interim single tier dividend of 57.0 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 RM99,426,000 (3rd quarter FY2023: RM65,907,000) by the weighted average number of ordinary shares during the quarter of 314,679,000 (3rd quarter FY2023: 314,590,000).

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 RM289,570,000 (year-to-date FY2023: RM221,321,000) by the weighted average number of ordinary shares during the quarter of 314,643,000 (year-to-date FY2023: 314,546,000).

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The figures have not been audited

21. Earnings Per Ordinary Share (cont'd)

	<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
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	'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)	(4,848)	(4,948)
	314,625	314,525	314,625	314,525
Effect of ESS Trust Shares vested	54	65	18	21
Weighted average number of ordinary shares (basic)	314,679	314,590	314,643	314,546

(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.

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 March 2024, 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	87,486	330

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 2023.

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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
16 May 2024