

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Revenue	311,112	632,081	2,313,482	2,527,696
Cost of sales	(263,432)	(487,539)	(1,864,745)	(1,973,094)
Gross profit	47,680	144,542	448,737	554,602
Operating expenses	(30,966)	(47,263)	(152,785)	(175,052)
Other operating (expenses)/income	(26,094)	18,553	(14,463)	26,732
Operating (loss)/ profit	(9,380)	115,832	281,489	406,282
Interest income	871	900	4,137	3,600
Finance costs	(783)	(683)	(3,001)	(3,001)
Share of (loss)/profit in associated companies, net of tax	(1,712)	9,894	40,146	90,871
(Loss)/Profit before taxation	(11,004)	125,943	322,771	497,752
Taxation	(3,369)	(25,159)	(73,249)	(90,410)
(Loss)/Profit from continuing operations	(14,373)	100,784	249,522	407,342
(Loss)/Profit from discontinued operations, net of tax (N1)	(11,147)	802	(10,171)	1,955
(Loss)/Profit for the period	(25,520)	101,586	239,351	409,297
(Loss)/Profit attributable to:				
Owners of the Company	(29,572)	79,904	169,318	327,085
Non-controlling interests	4,052	21,682	70,033	82,212
(Loss)/Profit for the period	(25,520)	101,586	239,351	409,297
(Loss)/Earnings per ordinary share (sen) :-				
(a) Basic	(9.41)	25.45	53.92	104.20
(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 their business operations during the quarter under review. Accordingly, the financial results of HMKT and HRP are separately disclosed as discontinued operations.

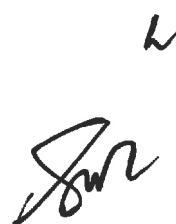
HONG LEONG INDUSTRIES BERHAD (5486-P)
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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2020 (Cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
(Loss)/Profit for the period	(25,520)	101,586	239,351	409,297
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	4,690	(1,346)	4,412	(6,441)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	112	112	29	267
Share of other comprehensive income of equity accounted associates, net of tax	1,511	432	6,296	545
Cash flow hedge	(2,467)	(416)	302	(572)
Total other comprehensive income/(expense) for the period	3,846	(1,218)	11,039	(6,201)
Total comprehensive (expense)/income for the period	(21,674)	100,368	250,390	403,096
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(24,971)	78,813	180,265	321,061
Non-controlling interests	3,297	21,555	70,125	82,035
Total comprehensive (expense)/income for the period	(21,674)	100,368	250,390	403,096

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 2019.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/06/2020 RM'000	30/06/2019 RM'000
ASSETS		
Property, plant and equipment	265,789	296,017
Rights-of-use assets	33,195	-
Investment properties	4,000	4,000
Investments in associated companies	155,354	163,788
Other investments	32,282	34,026
Intangible assets	15,309	18,225
Deferred tax assets	14,925	13,689
Tax credit receivables	1,929	5,370
TOTAL NON-CURRENT ASSETS	522,783	535,115
Inventories	212,600	223,203
Trade and other receivables, including derivatives	244,148	370,704
Current tax assets	8,503	6,522
Cash and cash equivalents	1,211,109	1,039,941
TOTAL CURRENT ASSETS	1,676,360	1,640,370
TOTAL ASSETS	2,199,143	2,175,485
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	321,217	321,217
Reserves	1,420,321	1,369,354
Treasury shares - at cost	(63,318)	(63,318)
	1,678,220	1,627,253
NON-CONTROLLING INTERESTS	159,898	136,062
TOTAL EQUITY	1,838,118	1,763,315
LIABILITIES		
Deferred tax liabilities	5,766	5,766
Deferred income	-	3,191
Employee benefits	24,890	23,913
Lease liabilities	8,481	-
TOTAL NON-CURRENT LIABILITIES	39,137	32,870
Trade and other payables, including derivatives	274,665	309,155
Borrowings (unsecured)	16,980	38,730
Lease liabilities	5,471	-
Tax payable	24,772	31,415
TOTAL CURRENT LIABILITIES	321,888	379,300
TOTAL LIABILITIES	361,025	412,170
TOTAL EQUITY AND LIABILITIES	2,199,143	2,175,485
Net assets per share attributable to owners of the Company (RM)	5.34	5.18

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

	Attributable to owners of the Company							Non-distributable				Distributable	Total equity RM'000
	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			
Current year-to-date ended 30 June 2020													
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	-	-	-	-	-	-	-	169,318	169,318	70,033	239,351		
Other comprehensive income													
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	4,412	4,412	-	4,412		
Foreign currency translation differences	-	-	29	-	-	-	-	-	29	-	29		
Share of other comprehensive income of equity accounted associates, net of tax	-	-	6,296	-	-	-	-	-	6,296	-	6,296		
Cash flow hedge	-	-	-	-	210	-	-	-	210	92	302		
Total comprehensive income for the period	-	-	6,325	-	210	-	-	173,730	180,265	70,125	250,390		
Share-based payments/transactions													
Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	331	(2,443)	3,188	1,076	(1,076)	-		
Dividends	-	-	-	-	-	-	-	(131,904)	(131,904)	(45,885)	(177,789)		
Total transactions with owners of the Company	-	-	-	-	-	331	(913)	(128,716)	(129,298)	(46,289)	(175,587)		
At 30 June 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		

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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
Preceding year corresponding period ended 30 June 2019											
At 1 July 2018	321,217	(63,318)	20,882	3,714	183	(17,223)	2,952	1,191,869	1,460,276	124,496	1,584,772
Profit for the period	-	-	-	-	-	-	-	327,085	327,085	82,212	409,297
Other comprehensive income/(expense)											
Loss on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(6,441)	(6,441)	-	(6,441)
Foreign currency translation differences	-	-	267	-	-	-	-	-	267	-	267
Share of other comprehensive income of equity accounted associates, net of tax	-	-	545	-	-	-	-	-	545	-	545
Cash flow hedge	-	-	-	-	(395)	-	-	-	(395)	(177)	(572)
Total comprehensive income/(expense) for the period	-	-	812	-	(395)	-	-	320,644	321,061	82,035	403,096
Share-based payments/transactions	-	-	-	-	-	-	1,841	-	1,841	812	2,653
Shares vested under ESS	-	-	-	-	-	754	(230)	542	1,066	-	1,066
Dividends	-	-	-	-	-	-	-	(156,991)	(156,991)	(71,281)	(228,272)
Total transactions with owners of the Company	-	-	-	-	-	754	1,611	(156,449)	(154,084)	(70,469)	(228,272)
At 30 June 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

Dividends received by trust set up for the Executives Share Scheme ("ESS") ("ESS Trust") amounted to RM2,274,000 (30 June 2019: RM2,745,000) 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 2019

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2020

	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2020 RM'000	30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- From continuing operations	322,771	497,752
- From discontinued operations	(8,859)	3,022
	313,912	500,774
Adjustments for:-		
Share of profit in associated companies, net of tax	(40,146)	(90,871)
Depreciation and amortisation	60,285	59,895
Impairment of property, plant and equipment	11,830	340
Dividend income	(33,084)	(32,820)
Non-cash items	4,209	(1,592)
Net financing income	(1,206)	(572)
Operating profit before changes in working capital	315,800	435,154
Changes in working capital		
Net change in current assets	137,048	(11,324)
Net change in current liabilities	(34,190)	16,370
Taxation paid	(84,416)	(76,673)
Net financing income received	1,206	572
Dividend received	87,960	139,967
Retirement benefits paid	(337)	(779)
Net cash generated from operating activities	423,071	503,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(47,858)	(22,515)
Addition of intangible assets	(9,306)	(15,811)
Proceeds from disposal of property, plant & equipment	1,547	555
Addition of other investments	-	(5,263)
Proceeds from disposal of other investment	6,448	7,200
Net cash used in investing activities	(49,169)	(35,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Disposal of trust shares	-	1,066
Repayment of lease liabilities	(3,226)	-
Dividend paid to owners of the Company	(131,904)	(156,991)
Dividend paid to non-controlling shareholders of subsidiary companies	(45,885)	(71,281)
Drawdown of borrowings	111,599	116,865
Repayment of borrowings	(133,349)	(148,765)
Net cash used in financing activities	(202,765)	(259,106)
NET CHANGE IN CASH AND CASH EQUIVALENTS	171,137	208,347
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,039,941	831,340
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	31	254
CASH & CASH EQUIVALENTS AT END OF PERIOD	1,211,109	1,039,941

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

	30/06/2020 RM'000	30/06/2019 RM'000
Deposits, cash and bank balances	1,211,109	1,039,941

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.


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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 the applicable disclosure provisions 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 2019. 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 report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2019 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019 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 except for the adoption of MFRS 16 Leases which requires the lessee to recognise the right-of-use of the underlying lease asset and future lease payments liabilities and the reclassification of leasehold land as right-of-use assets in the statement of financial position.

In accordance with the transitional provisions provided in MFRS 16 Leases, comparative information for the previous financial year ended 30 June 2019 were not restated. The financial impact on the financial statements of the Group arising from the adoption of MFRS 16 Leases on 1 July 2019 are as follows:

Condensed Statement of Financial Position

	At 30 June 2019 RM’000	Adoption of MFRS 16 RM’000	At 1 July 2019 RM’000
Non-current assets			
Property, plant and equipment	296,017	(20,042)	275,975
Right-of-use assets	-	37,220	37,220
Non-current liabilities			
Lease liabilities	-	13,618	13,618
Current liabilities			
Lease Liabilities	-	3,560	3,560

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.

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6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no shares bought back during the quarter under review and financial year-to-date. The total number of shares bought back as at 30 June 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.

During the financial year-to-date, a total of 109,527 existing ordinary share in the Company (“HLI Shares”) held in the ESS Trusts were transferred to the eligible executives arising from the vesting of HLI Shares free of consideration pursuant to the ESS.

During the quarter under review and financial year-to-date, a total of 132,500 existing ordinary shares in the Company held in the ESS Trust were sold to a related company.

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

As at 30 June 2020, the total number of ordinary shares in the Company held by the ESS Trusts was 5,237,973 ordinary shares.

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 17.0 sen per share, paid on 27 December 2019	54,310
Second interim single tier dividend of 25.0 sen per share, paid on 25 June 2020	79,868
	<u>134,178</u>

8. Operating Segments

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

	Consumer Products	Discontinued Operations	Total
	RM'000	RM'000	RM'000
Segment profit / (loss)	285,130	(8,929)	276,201
Included in the measure of segment profit are:			
Revenue from external customers	2,126,666	123,744	2,250,409
Depreciation and amortisation	48,330	1,393	49,723
Reconciliation of reportable segment profit			
Profit			
Reportable segment			275,483
Non- reportable segment			(2,923)
Loss from discontinued operations			8,929
Interest income			4,137
Finance costs			(3,001)
Share of profit in associated companies, net of tax			40,146
Consolidated profit before taxation (excluding discontinued operations)			<u>322,771</u>

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8. **Operating Segments (continued)**

	External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	2,261,994	49,723
Non-reportable segment	204,755	10,562
Discontinued operations	(148,231)	(1,393)
Total	2,318,518	58,892

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.

11. **Review of Performance**

For the quarter under review, Hume Marketing Co Sdn. Bhd. ("HMKT") and Hume Roofing Products Sdn. Bhd. ("HRP"), both wholly-owned subsidiaries of the Company, had ceased business operations. Accordingly, the financial results of HMKT and HRP are separately disclosed as discontinued operations ("Discontinued Operations").

The Group (excluding Discontinued Operations) recorded revenue of RM311 million and loss before taxation ("LBT") of RM11 million for the quarter under review, as compared with revenue and profit before taxation ("PBT") of RM632 million and RM126 million respectively for the corresponding quarter of the preceding year ended 30 June 2019 ("FY 2019"). The LBT was due to the lower sales across all product segments which were impacted by the Movement Control Order ("MCO") imposed by the Malaysian Government, coupled with lower profit contribution from an associated company.

For the financial year-to-date, the Group (excluding Discontinued Operations) recorded revenue of RM2,313 million and PBT of RM323 million as compared with revenue of RM2,528 million and PBT of RM498 million for the corresponding period of FY 2019.

The LBT for quarter under review and lower PBT for the financial year-to-date were due to lower sales across all product segments which were impacted by the MCO coupled with share of loss in associated companies in the quarter under review.

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

For the quarter under review, the Group (excluding Discontinued Operations) recorded LBT of RM11 million as compared with PBT of RM99 million for the preceding quarter. The LBT was due to lower sales across all product segments as impacted by the MCO, coupled with share of loss in associated companies in the quarter under review.

13. Prospects

Since the opening up of activities after the MCO, the Group expects gradual recovery in the economy although the outlook is still clouded with uncertainties. 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. (Loss)/Profit before taxation

	Current Year Quarter	Current Year To-date
(Loss)/Profit before taxation is arrived at after charging/(crediting):-	30/06/2020	30/06/2020
	RM'000	RM'000
Continuing operations		
Gross dividend income from other investments	(8,375)	(33,084)
Depreciation and amortisation	15,414	58,892
Impairment loss of property, plant and equipment	9,994	9,994
Impairment loss/(Reversal of impairment loss) on trade receivables	399	(351)
Provision for slow moving of inventories	18,687	20,002
Gain on foreign exchange	(1,578)	(2,136)
Fair value loss/(gain) of equity investment at fair value through profit or loss	501	(291)
Gain on disposal of property, plant and equipment	(199)	(1,215)
Discontinued operations		
Depreciation and amortisation	601	1,393
Impairment loss on property, plant and equipment	1,836	1,836
Impairment loss of trade receivables	566	631
Provision for slow moving of inventories	389	368
Loss on foreign exchange	-	4
Gain on disposal of property, plant and equipment	(75)	(75)

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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
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian - current year	4,249	23,231	73,515	88,078
- prior years	1,810	(61)	1,785	930
Overseas - current year	(98)	-	(98)	-
- prior years	(39)	-	(39)	-
	5,922	23,170	75,163	89,008
Deferred taxation				
Malaysian - current year	(1,597)	876	(1,663)	876
- prior years	-	1,608	1,060	1,593
	(1,597)	2,484	(603)	2,469
	4,325	25,654	74,560	91,477
Income tax attributable to continuing operations	3,369	25,159	73,249	90,410
Income tax attributable to discontinued operations	956	495	1,311	1,067
	4,325	25,654	74,560	91,477

The Group's effective tax rate for the 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 30 June 2020 is as follow:-

	RM'000
Unsecured short-term borrowings	<u>16,980</u>

There were no borrowings denominated in foreign currencies as at 30 June 2020.

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 2020.
- (b) For the financial year, a total single tier dividend of 42.0 sen per share (2018/2019: single tier dividend of 40.0 sen per share and a special single tier dividend of 10.0 sen per share), has been declared.

21. (Loss)/Earnings Per Ordinary Share

(a) Basic (loss)/earnings per ordinary share

The basic (loss)/earnings per ordinary share for the quarter under review is calculated by dividing the Group's loss attributable to owners of the Company of RM29,572,000 (4th quarter 2018/2019: profit attributable to owners of the Company of RM79,904,000) by the weighted average number of ordinary shares during the quarter of 314,108,000 (4th quarter 2018/2019: 313,993,000).

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 RM169,318,000 (4th quarter 2018/2019: RM327,085,000) by the weighted average number of ordinary shares during the quarter of 314,026,000 (4th quarter 2018/2019: 313,916,000).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year- To-	Year
	Quarter	Corresponding	Date	Corresponding
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	'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	(5,371)	(5,480)	(5,480)	(5,732)
	314,102	313,993	313,993	313,741
Effect of Trust Shares vested/sold	6	-	33	175
Weighted average number of ordinary shares (basic)	314,108	313,993	314,026	313,916

(b) Diluted (loss)/earnings per ordinary share

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

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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 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>8,359</u>	<u>(4)</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 2019.

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 August 2020

