

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To- Date	Preceding Year Corresponding Period
	30/09/2018 RM'000	30/09/2017 RM'000	30/09/2018 RM'000	30/09/2017 RM'000
<b>Revenue</b>	672,914	629,426	672,914	629,426
Cost of sales	(540,501)	(495,817)	(540,501)	(495,817)
<b>Gross profit</b>	132,413	133,609	132,413	133,609
Operating expenses	(47,788)	(48,164)	(47,788)	(48,164)
Other operating expense	(1,658)	(209)	(1,658)	(209)
<b>Operating profit</b>	82,967	85,236	82,967	85,236
Interest income	1,017	908	1,017	908
Finance costs	(924)	(1,425)	(924)	(1,425)
Share of profit in associated companies, net of tax	24,783	32,825	24,783	32,825
<b>Profit before taxation</b>	107,843	117,544	107,843	117,544
Taxation	(19,818)	(18,074)	(19,818)	(18,074)
<b>Profit for the period</b>	88,025	99,470	88,025	99,470
<b>Profit attributable to:</b>				
Owners of the Company	70,046	81,859	70,046	81,859
Non-controlling interests	17,979	17,611	17,979	17,611
<b>Profit for the period</b>	88,025	99,470	88,025	99,470
<b>Earnings per ordinary share (sen) :-</b>				
(a) Basic	22.33	26.44	22.33	26.44
(b) Fully diluted	N/A	N/A	N/A	N/A

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 2018.

Hong Leong Industries Berhad <sup>(5486-P)</sup>

Level 31, Menara Hong Leong, No.6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.  
 www.hli.com.my

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2018 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To-Date	Preceding Year Corresponding Period
	30/09/2018 RM'000	30/09/2017 RM'000	30/09/2018 RM'000	30/09/2017 RM'000
<b>Profit for the period</b>	88,025	99,470	88,025	99,470
Other comprehensive (expense)/income, 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	2,245	4,001	2,245	4,001
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	193	(19)	193	(19)
Share of other comprehensive income of equity accounted associates, net of tax	1,058	(3,287)	1,058	(3,287)
Cash flow hedge	(34)	47	(34)	47
<b>Total other comprehensive income for the period</b>	<b>3,462</b>	<b>742</b>	<b>3,462</b>	<b>742</b>
<b>Total comprehensive income for the period</b>	<b>91,487</b>	<b>100,212</b>	<b>91,487</b>	<b>100,212</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	73,518	82,608	73,518	82,608
Non-controlling interests	17,969	17,604	17,969	17,604
<b>Total comprehensive income for the period</b>	<b>91,487</b>	<b>100,212</b>	<b>91,487</b>	<b>100,212</b>

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 2018.

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/09/2018 RM'000	30/06/2018 RM'000
<b>ASSETS</b>		
Property, plant and equipment	315,173	322,108
Investment property	4,000	4,000
Investments in associated companies	205,351	179,510
Intangible assets	12,599	14,982
Other investments	41,541	39,296
Deferred tax assets	13,105	13,105
Tax credit receivable	5,370	5,370
<b>TOTAL NON-CURRENT ASSETS</b>	<b>597,139</b>	<b>578,371</b>
Inventories	206,569	210,344
Trade and other receivables, including derivatives	387,807	373,614
Current tax assets	18,946	19,835
Cash and cash equivalents	911,697	831,340
<b>TOTAL CURRENT ASSETS</b>	<b>1,525,019</b>	<b>1,435,133</b>
<b>TOTAL ASSETS</b>	<b>2,122,158</b>	<b>2,013,504</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	321,217	321,217
Reserves	1,276,888	1,202,377
Treasury shares - at cost	(63,318)	(63,318)
	1,534,787	1,460,276
<b>NON-CONTROLLING INTERESTS</b>	<b>142,656</b>	<b>124,496</b>
<b>TOTAL EQUITY</b>	<b>1,677,443</b>	<b>1,584,772</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	8,740	8,740
Deferred income	3,606	3,793
Employee benefits	24,754	26,723
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>37,100</b>	<b>39,256</b>
Borrowings (unsecured)	51,230	70,630
Trade and other payables	328,070	295,701
Tax payable	28,315	23,145
<b>TOTAL CURRENT LIABILITIES</b>	<b>407,615</b>	<b>389,476</b>
<b>TOTAL LIABILITIES</b>	<b>444,715</b>	<b>428,732</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,122,158</b>	<b>2,013,504</b>
Net assets per share attributable to owners of the Company (RM)	4.89	4.65

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018.

 HLIB/3

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	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				
<b>Current year-to-date ended 30 September 2018</b>											
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	-	-	-	-	-	-	-	70,046	70,046	17,979	88,025
Other comprehensive income/(expense):											
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,245	2,245	-	2,245
Foreign currency translation differences	-	-	193	-	-	-	-	-	193	-	193
Share of other comprehensive income of equity accounted associates, net of tax	-	-	1,058	-	-	-	-	-	1,058	-	1,058
Cash flow hedge	-	-	-	-	(24)	-	-	-	(24)	(10)	(34)
<b>Total comprehensive income/(expense) for the period</b>	-	-	1,251	-	(24)	-	-	72,291	73,518	17,969	91,487
Share-based payments/transactions	-	-	-	-	-	-	434	-	434	191	625
ESS shares exercised	-	-	-	-	-	396	(121)	284	559	-	559
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	396	313	284	993	191	1,184
At 30 September 2018	321,217	(63,318)	22,133	3,714	159	(16,827)	3,265	1,264,444	1,534,787	142,656	1,677,443

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	Attributable to owners of the Company											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	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	
<b>Preceding year corresponding period ended 30 September 2017</b>												
At 1 July 2017	321,217	(63,318)	35,696	17,603	35	(29,518)	2,476	21,246	966,031	1,271,468	111,995	1,383,463
Changes in accounting policies	-	-	-	-	-	-	-	(21,246)	21,246	-	-	-
	321,217	(63,318)	35,696	17,603	35	(29,518)	2,476	-	987,277	1,271,468	111,995	1,383,463
Profit for the period	-	-	-	-	-	-	-	-	81,859	81,859	17,611	99,470
Other comprehensive income/(expense)												
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	4,001	4,001	-	4,001
Foreign currency translation differences	-	-	(19)	-	-	-	-	-	-	(19)	-	(19)
Share of other comprehensive income of equity accounted associates, net of tax	-	-	(3,287)	-	-	-	-	-	-	(3,287)	-	(3,287)
Cash flow hedge	-	-	-	-	54	-	-	-	-	54	(7)	47
<b>Total comprehensive income/(expense) for the period</b>	-	-	(3,306)	-	54	-	-	-	85,860	82,608	17,604	100,212
Share-based payments/transactions												
ESS shares exercised	-	-	-	-	-	318	(90)	-	221	449	80	449
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	318	123	-	221	662	80	742
At 30 September 2017	321,217	(63,318)	32,390	17,603	89	(29,200)	2,599	-	1,073,358	1,354,738	129,679	1,484,417

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 2018.

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED**  
**30 SEPTEMBER 2018**

	Current Year- To-Date 30/09/2018 RM'000	Preceding Year Corresponding Period 30/09/2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	107,843	117,544
Adjustments for:-		
Share of profit in associated companies, net of tax	(24,783)	(32,825)
Depreciation and amortisation	15,781	17,432
Dividend income	(6,859)	(4,443)
Non cash item	(975)	(548)
Net financing costs	(93)	517
Operating profit before changes in working capital	<u>90,914</u>	<u>97,677</u>
Changes in working capital		
Net change in current assets	(10,954)	(32,165)
Net change in current liabilities	33,841	34,171
Taxation paid	(15,232)	(10,720)
Net financing costs received /(paid)	93	(517)
Dividend received	6,859	6,243
Retirement benefits paid	(118)	(74)
<b>Net cash generated from operating activities</b>	<u>105,403</u>	<u>94,615</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(6,553)	(7,358)
Proceeds from disposal of property, plant & equipment	159	136
<b>Net cash used in investing activities</b>	<u>(6,394)</u>	<u>(7,222)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Disposal of Trust Shares	559	449
Drawdown of borrowings	49,545	39,396
Repayment of borrowings	(68,945)	(56,542)
<b>Net cash used in financing activities</b>	<u>(18,841)</u>	<u>(16,697)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	80,168	70,696
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	831,340	537,483
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	189	(8)
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<u>911,697</u>	<u>608,171</u>

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

	30/09/2018 RM'000	30/09/2017 RM'000
Deposits, cash and bank balances	<u>911,697</u>	<u>608,171</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018.

  
HLIB/6

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

**The figures have not been audited**

**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 2018. 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 2018 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018 which are applicable to the Group including MFRS 15 Revenue from Contracts with Customers. 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 amount 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 other than as mentioned below:

**5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years**

There were no changes in estimates of amounts reported in the prior financial years.

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

- (a) There were no shares bought back during the quarter under review and financial year-to-date. The total number of shares bought back as at 30 September 2018 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 quarter under review, a total of 132,000 existing ordinary shares in the Company held in the ESS Trust were transferred to the option holders arising from the exercise of options pursuant to the Executive Share Scheme (“ESS”).

There were no additional shares purchased by the ESS Trust during the quarter under review.

As at 30 September 2018, the total number of ordinary shares in the Company held by the ESS Trust was 5,600,000 ordinary shares.

**7. Dividend paid**

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

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

The figures have not been audited

**8. Operating Segments**

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

	<b>Consumer products</b>	<b>Industrial products</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment profit</b>	83,541	(3,967)	79,574
Included in the measure of segment profit are:			
Revenue from external customers	545,315	122,692	668,007
Depreciation and amortisation	12,942	2,832	15,774
<b>Reconciliation of reportable segment profit</b>			
<b>Profit</b>			
Reportable segment			79,574
Non-reportable segment			3,393
Interest income			1,017
Finance costs			(924)
Share of profit in associated companies, net of tax			24,783
Consolidated profit before taxation			<u>107,843</u>
		<b>External revenue</b>	<b>Depreciation and amortisation</b>
		<b>RM'000</b>	<b>RM'000</b>
Reportable segment		668,007	15,774
Non-reportable segment		4,907	7
<b>Total</b>		<u>672,914</u>	<u>15,781</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 members' voluntary liquidation:-

- (a) Glenex Sdn Bhd (formerly known as Guocera Marketing (International) Sdn Bhd), an indirect wholly-owned subsidiary; and
- (b) Flazer Sdn Bhd, an indirect wholly-owned subsidiary.

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

  
HLIB/8



**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

**The figures have not been audited**

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

During the quarter under review, the Liquidator of Varinet Sdn Bhd ("Varinet") and Century Touch Sdn Bhd ("Century Touch") has convened final meetings to conclude the respective Members' Voluntary Liquidation. Accordingly, Varinet and Century Touch will both be dissolved on 20 November 2018.

**11. Review of Performance**

For the quarter under review, the Group recorded revenue of RM673 million and profit before taxation ("PBT") of RM108 million as compared with revenue and PBT of RM629 million and RM118 million respectively for the corresponding quarter of the preceding year ended 30 June 2018 ("FY 2018"). The decrease in PBT was mainly attributable to lower contribution from an associated company.

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

For the quarter under review, the Group recorded PBT of RM108 million as compared with PBT of RM72 million (excluding the write-back of RM60 million impairment of the Group's investment in Malaysian Newsprint Industries Sdn Bhd) recorded in the preceding quarter. The increase in PBT was mainly attributable to the increase in sales of the consumer products segment.

**13. Prospects**

Barring any unforeseen circumstances, the Board expects the performance for the consumer products segment to be satisfactory but the market situation for the industrial products will remain challenging for the financial year ending 30 June 2019.

**14. Profit forecast / profit guaranteed**

This note is not applicable.

**15. Profit before taxation**

	<b>Current Year Quarter</b>	<b>Current Year To-date</b>
	<b>30/09/2018 RM'000</b>	<b>30/09/2018 RM'000</b>
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(6,859)	(6,859)
Depreciation and amortisation	15,781	15,781
Write back of impairment loss on trade receivables	(600)	(600)
Provision for and write off of inventories	3,820	3,820
Loss on foreign exchange	1,440	1,440
Fair value loss on financial instruments designated as hedge instrument	10	10
Share-based payments	625	625
Gain on disposal of a property	-	-
Impairment of property, plant and equipment	-	-

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

The figures have not been audited

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	30/09/2018 RM'000	30/09/2017 RM'000	30/09/2018 RM'000	30/09/2017 RM'000
Current taxation				
Malaysian - current year	18,377	18,833	18,377	18,833
- prior years	1,441	(565)	1,441	(565)
	19,818	18,268	19,818	18,268
Deferred taxation				
Malaysian - current year	-	-	-	-
- prior years	-	(194)	-	(194)
	-	(194)	-	(194)
	19,818	18,074	19,818	18,074

The Group's effective tax rate for the quarter under review and financial year-to-date is lower than the statutory tax rate mainly due to certain income were 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 September 2018 are as follows:-

Unsecured short term borrowings	<b>RM'000</b> 51,230
---------------------------------	-------------------------

There were no borrowings denominated in foreign currencies as at 30 September 2018.

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 15 sen per share for the quarter ended 30 September 2018 of the financial year ending 30 June 2019 (2017/2018: single tier dividend of 15.0 sen per share) to be paid on 13 December 2018 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 29 November 2018.

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 4.00 p.m. on 29 November 2018 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.

  
HLIB/10

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

**The figures have not been audited**

**20. Dividend (cont'd)**

- (b) For the financial year-to-date, single tier dividend of 15 sen per share (2017/2018: single tier dividend of 15.0 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 RM70,046,000 (1<sup>st</sup> quarter 2017/2018: profit attributable to owners of RM81,859,000) by the weighted average number of ordinary shares during the quarter of 313,745,000 (1<sup>st</sup> quarter 2017/2018: 309,626,000).

	<i>Weighted average number of ordinary shares</i>			
	<b>Individual Quarter</b>	<b>Preceding Year</b>	<b>Cumulative Quarter</b>	<b>Preceding Year</b>
	<b>Current Year Quarter</b>	<b>Corresponding Quarter</b>	<b>Year-To-Date</b>	<b>Corresponding Period</b>
	<b>30/09/2018</b>	<b>30/09/2017</b>	<b>30/09/2018</b>	<b>30/09/2017</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
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	(5,732)	(9,850)	(5,732)	(9,850)
	313,741	309,623	313,741	309,623
Effect of Trust Shares vested	4	3	4	3
<b>Weighted average number of ordinary shares (basic)</b>	<b>313,745</b>	<b>309,626</b>	<b>313,745</b>	<b>309,626</b>

- (b) Diluted earnings per ordinary share

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

 HLIB/11

**HONG LEONG INDUSTRIES BERHAD (5486-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED**  
**30 SEPTEMBER 2018**

**The figures have not been audited**

**23. 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 2018, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	<b>Contract amount</b>	<b>Fair Value Assets / (Liabilities)</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than 1 year	<u>37,105</u>	<u>222</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 2018.

**24. 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  
12 November 2018

