

1. ACCOUNTING POLICIES

The accounts of the Group are prepared using the same accounting policies, methods of computation and basis of consolidation as those used in the preparation of the most recent annual financial statements.

2. EXCEPTIONAL ITEM

There was no exceptional item for the financial quarter under review.

3. EXTRAORDINARY ITEM

There was no extraordinary item for the financial quarter under review.

4. TAXATION

Taxation charged for the quarter and year-to-date comprise of :-

	Current Quarter RM'000	Year to date RM'000
Current	539	1,100
Under/(Over) provision in prior years	-	-
	-----	-----
	539	1,100
	=====	=====

The taxation charge for the current quarter under review does not contain any deferred taxation.

5. PRE-ACQUISITION PROFIT

There are no pre-acquisition profit/loss for the current financial period ended 30 June 2000.

6. PROFIT ON SALE OF INVESTMENT AND / OR PROPERTIES

There were no sale of investments and properties for the current financial period ended 30 June 2000.

7. QUOTED SECURITIES

There was no purchase or disposal of quoted securities for the current financial period ended 30 June 2000.

8. CHANGES IN THE COMPOSITION OF THE GROUP

Pursuant to the listing & quotation of the entire issued and paid-up capital of the listing of Lii Hen Industries Bhd. (“The Company”) on the Second Board of the Kuala Lumpur Stock Exchange, the Company acquired Lii Hen Furnitures Sdn Bhd and its wholly-owned subsidiaries, CT Haup Heng, EF Furniture Sdn Bhd and Mayteck Kilang Kayu Dan Perabut Sdn Bhd on 26 January 2000. The Company also acquired Kejora Juara Sdn. Bhd. on the same date.

9. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this announcement.

10. SEASONAL OR CYCLICAL FACTORS

The principal business operations of the Group has historically shown moderate seasonality, where production and sales of furniture are generally lower in the beginning of the calendar year due to the festive period as well as the summer holiday in the middle of the year.

11. ISSUANCE OF SHARES

As an integral part of the Group's listing exercise, the Company had on 26 January 2000 issued 25,598,305 new ordinary shares in respect of the acquisition of Lii Hen Furnitures Sdn Bhd, Rights Issue of 8,381,693 on 10 February 2000 and on 13 April 2000, issued 6,020,000 new ordinary shares of RM1.00 each in respect of the Public Issue undertaken by the Company. The entire paid-up capital of 40,000,000 shares are officially listed on the KLSE on 24 April 2000.

12. GROUP BORROWINGS

The Group's borrowings as at 30 June 2000 are as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	11,359	0	11,359
Long Term	0	-	0
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	11,359	0	11,359
	=====	=====	=====

The bank borrowings are secured by debenture incorporating first fixed charges over the properties of the Group and floating charges over all the other assets of the Group.

13. CONTINGENT LIABILITIES

As at the date of this report, the Group has contingent liabilities as follows:-

	RM
Counter indemnities to banks for bank guarantees issued	
- Secured	1,765,000
- Unsecured	0
Corporate guarantees for credit facilities granted to subsidiary companies (unsecured)	6,243,680

14. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any off balance sheet financial instruments as at the date of this announcement.

15. MATERIAL LITIGATION

The Group is not engaged in any material litigation as at the date of this announcement.

16. SEGMENTAL REPORTING

As the Group's business is principally involved in the manufacture of furniture, no segmental analysis is performed for its financial result.

17. COMMENT ON FINANCIAL RESULTS

The Group's turnover for the quarter under review recorded an increase of 2.58% to RM20.814 million compared to RM20.291 million in previous quarter. In tandem with the increase sales and interest saving arising from retirement of term loans and early settlement of certain hire purchase loans, profit after tax increase by 4.66% to RM2.065 million compared to RM1.973 in previous quarter.

18. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group's increase sales and profit for the quarter under review were mainly attributed to higher sales of entertainment centers to USA .

The Directors are not aware of any transaction or event of a material or unusual nature which may have an effect on the results of the Group from the end of the reporting period to the date of this quarter report.

19. PROSPECT FOR THE CURRENT FINANCIAL YEAR

The Board expects the Group's performance for the remaining periods to be in line with the financial performance projected for the current financial year.

20. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

Not applicable.

21. DIVIDEND

No dividend has been declared in respect of the financial quarter ended 30 June 2000.

For and on behalf of the Board
Lii Hen Industries Bhd.

Chua Tuan Meng
Chairman
Audit Committee