

## **LII HEN INDUSTRIES BHD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 2ND QTR ENDED 30 JUNE 2001**

#### **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 charge for the quarter and year-to-date comprise of :-

	Current Quarter RM'000	Year To-date RM'000
Taxation for the period		
Current	559	827
Under/(Over) provision in prior years	-	-
	-----	-----
	559	827
	=====	=====

The taxation charge for the current quarter & Year-to date includes deferred taxation amounting to RM68,000 & RM241,000 respectively.

The effective tax rate is lower than the statutory tax rate for the quarter under review due to claim of reinvestment allowances and one subsidiary company claiming an abatement of 70% statutory income by virtue of pioneer status enjoyed for January to April 2001.

#### **5. Profit on Sale of Unquoted Investments and/or Properties**

There are no sales of unquoted investments and/or properties included in the consolidated results of the Group for the current financial period and year-to-date.

## **LII HEN INDUSTRIES BHD**

### **NOTES TO THE FINANCIAL STATEMENT FOR THE 2ND QUARTER 2001**

- continued

**6. Purchase or Disposal of Quoted Securities ( Other than Quoted Securities in Subsidiaries and Associated Companies)**

There were no purchase or disposal of Quoted Securities for the current financial period ended 30 June 2001.

**7. Effects of Changes in the Composition of the Company During the Current Financial Period.**

There were no changes in the composition of the Company for the current financial period ended 30 June 2001.

**8. Status of Corporate Proposals Announced but Not Completed**

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

**9. Issuance and Repayment of Debt, Equity Securities and Share Buybacks**

There were no issuance and repayment of debts, equity securities and share buybacks for the current financial period ended 30 June 2001.

**10. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 June 2001 are as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	8,432	0	8,432
Long Term	0	-	0
	-----	-----	-----
	8,432	0	8,432
	=====	=====	=====

## LII HEN INDUSTRIES BHD

### NOTES TO THE FINANCIAL STATEMENT FOR THE 2ND QUARTER 2001

- continued

#### 11. Contingent Liabilities

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

	RM'000
Counter indemnities to banks for bank guarantees issued	
- Secured	2,352
- unsecured	-
Corporate guarantees for credit facilities granted to subsidiary Companies ( unsecured )	16,286

#### 12. Off Balance Sheet Financial Instruments

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

#### 13. Material Litigations

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

#### 14. Segmental Reporting

Geographical segment

	-----Current Year To Date-----		
	Revenue RM'000	Profit/ (Loss) Before Taxation RM'000	Total Assets Employed RM'000
Malaysia	38,140	4,064	94,176
USA	670	(106)	2,813
	----- 38,810 =====	----- 3,958 =====	----- 96,989 =====

## **LII HEN INDUSTRIES BHD**

### **NOTES TO THE FINANCIAL STATEMENT FOR THE 2ND QUARTER 2001**

- continued

#### **15. Explanatory Comments on Material Changes in the Profitability for the Quarter Reported On Compared to the Immediate Preceding Quarter**

The Group's revenue for the quarter under review increased by 23.92% to RM21.478 million compared to the revenue of RM17.332 million achieved in previous quarter. Correspondingly, the profit before taxation of the Group increased by 36.16% to RM2.282million compared to RM1.676 achieved in previous quarter.

The Group's increased revenue for the current quarter compared to the immediate preceding quarter was attributed to the higher export of rubberwood dining furniture.. In tandem with the increased sales revenue, a higher profit before tax was recorded.

#### **16. Review of Results**

Revenue and profit before taxation for the first half year 2001 was RM38.81 million and RM3.958 million respectively in comparison with revenue of RM41.105 million and profit before taxation of RM5.138 million for the corresponding period last year.

The decrease in revenue is due to lower demand for solid rubberwood dining furniture and the profit before tax was lower due to competitive pricing.

#### **17. Material Subsequent Events**

There was no material subsequent events for the quarter under review.

#### **18. Comments on the Seasonality or Cyclicity of Operations**

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.

#### **19. Current Year Prospects**

The Board of Directors is of the opinion that the slowdown of the US economy and the depreciation of the Euro and Australian currency continue to have adverse impact on the global furniture industry. However, strategies are being planned to mitigate these adverse effect via product diversification and new market penetration.

## **LII HEN INDUSTRIES BHD**

### **NOTES TO THE FINANCIAL STATEMENT FOR THE 2ND QUARTER 2001**

- continued

#### **20. Profit Forecast**

There was no profit forecast issued for the quarter under review.

#### **21. Dividend**

No dividend was declared for the period ended 30 June 2001.

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

Chua Tuan Meng, J.P.  
Chairman  
Audit Committee