

**LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

ASSETS	Note	AS AT END OF CURRENT QUARTER 31.12.2021 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2020 RM'000 AUDITED
<b>Non-current assets</b>			
Property, plant and equipment		205,582	193,996
Investment property		740	359
Right- of- use assets		12,519	14,873
Intangible assets		3	4
Biological assets		4,513	2,798
		<u>223,357</u>	<u>212,030</u>
<b>Current assets</b>			
Inventories		151,876	146,416
Trade receivables		60,233	70,863
Other receivables		7,863	12,881
Tax assets		5,316	594
Derivatives financial instruments at fair value	22	344	1,392
Fixed deposits with licensed banks		70,109	101,144
Cash and bank balances		80,250	61,436
		<u>375,991</u>	<u>394,726</u>
<b>TOTAL ASSETS</b>		<u>599,348</u>	<u>606,756</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Parent:</b>			
Share capital		90,000	90,000
Reserves		350,447	328,045
		<u>440,447</u>	<u>418,045</u>
Non-controlling interest		5,428	2,723
<b>TOTAL EQUITY</b>		<u>445,875</u>	<u>420,768</u>
<b>Non-current liabilities</b>			
Borrowings	21	4,290	1,356
Lease liabilities		7,216	8,446
Deferred taxation		20,451	19,930
		<u>31,957</u>	<u>29,732</u>
<b>Current Liabilities</b>			
Payables		93,625	122,622
Derivatives financial instruments at fair value	22	-	-
Dividend payable		-	-
Short-term borrowings	21	22,611	26,179
Lease liabilities		5,085	6,274
Provision for taxation		195	1,181
		<u>121,516</u>	<u>156,256</u>
<b>TOTAL LIABILITIES</b>		153,473	185,988
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>599,348</u>	<u>606,756</u>

( The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached.)

**LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)**

The Board of Directors is pleased to announce the following: -

**UNAUDITED RESULTS OF THE GROUP FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2020 RM'000	CURRENT YEAR TO DATE 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2020 RM'000
<b>Revenue</b>	9	222,174	282,956	749,269	931,558
Cost of sales		(185,303)	(238,009)	(633,936)	(756,176)
<b>Gross Profit</b>		36,871	44,947	115,333	175,382
Other operating income	23	3,106	490	6,622	3,111
Operating expenses	24	(23,033)	(20,888)	(68,349)	(75,337)
<b>Profit from operations</b>		16,944	24,549	53,606	103,156
Finance costs		(255)	(251)	(1,054)	(1,070)
<b>Profit before taxation</b>		16,689	24,298	52,552	102,086
Taxation	20	(3,188)	(5,627)	(12,145)	(23,541)
<b>Profit for the period</b>		13,501	18,671	40,407	78,545
<b>Other comprehensive income for the period, net of tax item that will not be reclassified subsequently to profit or loss</b>			-	-	-
Revaluation surplus on property, plant and equipment		-	-	-	-
<b>Total comprehensive income for the period</b>		13,501	18,671	40,407	78,545
<b>Profit/(Loss) attributable to:</b>					
Owners of the Parent		13,483	17,587	37,702	75,822
Non-Controlling Interest		18	1,084	2,705	2,723
		13,501	18,671	40,407	78,545
<b>Total comprehensive income attributable to:</b>					
Owners of the Parent		13,483	17,587	37,702	75,822
Non-Controlling Interest		18	1,084	2,705	2,723
		13,501	18,671	40,407	78,545
<b>Earnings per share attributable to owners of the Parent (sen)</b>					
Basic	29	7.49	9.77	20.95	42.12
Diluted		-	-	-	-
		7.49	9.77	20.95	42.12

(The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2020 and the accompanying notes attached.)

**LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

	-----Attributable to owners of the Parent -----			Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Non distributable Revaluation Reserve RM'000	Distributable Retained Profit RM'000			
Balance as at 1 January 2021	90,000	41,544	286,501	418,045	2,723	420,768
Total comprehensive income for the period			37,702	37,702	2,705	40,407
Dividend paid			(15,300)	(15,300)	-	(15,300)
Balance as at 31 December 2021	<u>90,000</u>	<u>41,544</u>	<u>308,903</u>	<u>440,447</u>	<u>5,428</u>	<u>445,875</u>
Balance as at 1 January 2020	90,000	42,338	243,431	375,769	654	376,423
Total comprehensive income for the period			76,476	76,476	2,069	78,545
Transfer between reserves		(794)	794	-	-	-
Dividend paid			(34,200)	(34,200)	-	(34,200)
Balance as at 31 December 2020	<u>90,000</u>	<u>41,544</u>	<u>286,501</u>	<u>418,045</u>	<u>2,723</u>	<u>420,768</u>

**(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2020 and the accompany explanatory notes.)**

**LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FOURTH QUARTER ENDED 31 DECEMBER 2021**

	Unaudited Current Period To Date 31 Dec 21 RM'000	Audited Preceding Year Ended 31 Dec 20 RM'000
<b>Cash Flow From Operating Activities</b>		
Profit before Taxation	52,552	102,086
Adjustments for:		
Depreciation and amortization of property, plant and equipment	11,013	10,725
Depreciation on right-of-use assets	6,477	6,216
Inventories written down to net realisable value	-	4
Interest expenses	1,054	1,070
Interest income	(1,736)	(2,531)
Biological asset written off	71	-
Gain on remeasurement and derecognition of right-of -use assets	(451)	(271)
Fair value changes of investment security	-	(392)
Fair value changes of biological asset	(1,509)	(34)
(Gain)/Loss on disposal of property, plant and equipment	(26)	(153)
Unrealised foreign exchange (gain) /loss	1,065	989
Net fair value loss/(gain) on financial instruments measured at fair value	(344)	(1,392)
Fixed assets written off	4	358
	<u>68,170</u>	<u>116,675</u>
Operating profit before working capital changes		
(Increase) in inventories	(5,460)	(59,121)
Decrease/(Increase) in receivables	14,581	(16,038)
(Decrease)/ Increase in payables	(28,997)	27,251
	<u>48,294</u>	<u>68,767</u>
Cash generated from operations		
Interest paid	(1,054)	(1,070)
Tax paid	(17,391)	(29,738)
Tax refund	59	-
Realisation of derivative financial instruments	1,392	235
Net cash from operating activities	<u>31,300</u>	<u>38,194</u>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(23,185)	(13,437)
Proceeds from disposal of short-term investment	-	19,191
Payment for Biological assets	(277)	(309)
Purchase of investment in money market fund	-	(1,000)
Proceeds from disposal of property, plant and equipment	248	218
Interest income	1,736	2,611
	<u>(21,478)</u>	<u>7,274</u>
Net cash from/(used) in investing activities		
<b>Cash Flow From Financing Activities</b>		
Net changes in bankers' acceptances	(4,164)	10,720
Repayment of term loans and hire purchase creditors	(937)	(979)
Repayment of lease liabilities	(6,109)	(5,881)
Dividend paid	(15,300)	(34,200)
Changes in pledged short-term deposits	-	330
Term loan raised	4,467	-
	<u>(22,043)</u>	<u>(30,010)</u>
Net cash (used in) financing activities		
Net changes in Cash and Cash Equivalents	<u>(12,221)</u>	<u>15,458</u>
Cash and Cash Equivalents Brought Forward	160,014	144,556
Cash and Cash Equivalents Carried Forward	<u>147,793</u>	<u>160,014</u>
Cash and cash equivalents carried forward consist of:		
Cash and bank balances	150,359	162,580
Bank overdraft	-	-
	<u>150,359</u>	<u>162,580</u>
Less: Fixed deposit pledged for bank facilities	(2,566)	(2,566)
	<u>147,793</u>	<u>160,014</u>

( The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes.)

**NOTES TO THE QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021**

**1. Basis of Preparation**

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”)134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

**2. Significant Accounting Policies**

The significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the last audited financial statements for the financial year ended 31 December 2020, except for the following Amendment to MFRSs and Amendment to IC Interpretation to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2021:

(a) Adoption of amendments to MFRSs

- |   |  |
|---|--|
| - MFRS 9, MFRS 139, MFRS 7,<br>MFRS 4 and MFRS 16 | Interest Rate Benchmark Reform – Phase 2 |
| - MFRS 16   | Covid-19 - Related Rent Concessions      |

The adoption of the abovementioned amendments did not have any significant impact on the financial statements of the Group.

(b) Amendments to Standards issued but not yet effective which will be effective from 1 January 2022 or 2023.

- |            |  |
|------------|--|
| - MFRS 3   | Reference to the Conceptual Framework                                    |
| - MFRS 9   | Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020) |
| - MFRS 16  | Leases (Annual Improvement to MFRS Standards 2018 – 2020)                |
| - MFRS 101 | Classification of Liabilities as Current or Non-current                  |
| - MFRS 116 | Property, Plant and Equipment – Proceeds before Intended Use             |

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- MFRS 137

Onerous Contracts – Cost of Fulfilling a Contract

It is anticipated that the adoption of the abovementioned amendments will not have significant impact on the financial statements of the Group.

### 3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and the Group for the year ended 31 December 2020.

### 4. Seasonal or cyclical factors

The principal business operations of the Group have historically shown moderate seasonality, where production and sales of furniture are generally lower in the beginning of the calendar year due to festive periods.

### 5. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the financial period ended 31 December 2021.

### 6. Material Changes in estimates

There were no significant changes in estimates that have had a material effect in the current quarter and financial period to date results.

### 7. Changes in debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt or equity securities for the financial period ended 31 December 2021.

### 8. Dividend Paid

The dividends paid during the financial period were as follow: -

Type of dividend	Dividend per share	For the year ended	Amount RM'000	Entitlement Date	Payment Date
Fourth interim single tier	4.0 sen	31.12.2020	7,200	09.03.2021	25.03.2021
1 <sup>st</sup> interim single tier	3.0 sen	31.12.2021	5,400	30.06.2021	16.07.2021
2 <sup>nd</sup> interim single tier	1.5 sen	31.12.2021	2,700	15.12.2021	30.12.2021

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## 9. Segmental Reporting

The Group has the following reportable segments: -

2021	Furniture Manufacturing		Plantation		Other		Group	
	4th Quarter RM'000	YTD RM'000	4th Quarter RM'000	YTD RM'000	4th Quarter RM'000	YTD RM'000	4th Quarter RM'000	YTD RM'000
Revenue								
Total revenue	223,112	751,423	-	-	2,970	18,571	226,082	769,994
Inter-segment revenue	(938)	(2,154)	-	-	(2,970)	(18,571)	(3,908)	(20,725)
Revenue from external customers	222,174	749,269	-	-	-	-	222,174	749,269
Interest income	313	1,502	-	-	102	234	415	1,736
Finance costs	(250)	(1,036)	(5)	(18)	-	-	(255)	(1,054)
Net finance (costs)/income	63	466	(5)	(18)	102	234	160	682
Depreciation of property, plant and equipment and right-of-use assets	4,375	17,361	32	128	-	-	4,407	17,490
Segment profit/(loss) before tax	15,325	51,670	1,484	1,227	(120)	(345)	16,689	52,552
Additions to non-current assets	5,094	23,185	57	277	-	-	5,151	23,462
Segment assets		575,560		6,640		18,258		600,458
Segment liabilities		152,930		316		227		153,473

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The Group has the following reportable segments: -

2020	Furniture Manufacturing		Plantation		Other		Group	
	4th Quarter RM'000	YTD RM'000	4th Quarter RM'000	YTD RM'000	4th Quarter RM'000	YTD RM'000	4th Quarter RM'000	YTD RM'000
Revenue								
Total Revenue	283,670	934,268	-	-	10,181	37,949	293,851	972,217
Inter-segment revenue	(714)	(2,710)	-	-	(10,181)	(37,949)	(10,895)	(40,659)
Revenue from external customers	282,956	931,558	-	-	-	-	282,956	931,558
Interest income	495	2,454	-	-	87	469	582	2,924
Finance cost	(247)	(1,052)	(4)	(18)	-	-	(251)	(1,070)
Net finance (costs)/income	248	1,402	(4)	(18)	87	469	331	1,854
Depreciation of property, plant and equipment and right-of -use assets	4,583	16,815	32	126	-	-	4,615	16,941
Segment profit/(loss) before tax	24,598	102,684	(95)	(289)	(205)	(309)	24,298	102,086
Additions to non-current assets	5,258	13,428	46	309	-	9	5,304	13,746
Segment assets		583,479		4,868		18,409		606,756
Segment liabilities		185,469		316		203		185,988



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The furniture manufacturing segment can be further analysed into the following geographical segments: -

	Current Quarter		Year to Date	
	31 Dec		31 Dec	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Africa	524	315	890	1,302
Asia	1,733	2,595	3,995	9,618
North America	207,632	270,568	712,977	889,840
Australia	377	394	833	1,322
Europe	851	55	1,263	1,675
Malaysia	11,057	9,029	29,311	27,801
	<b>222,174</b>	<b>282,956</b>	<b>749,269</b>	<b>931,558</b>

As at end of the reporting quarter, there were three (3) (2020: 3) major customers with revenue equalling to or exceeding 10% of the Group's total revenue.

#### 10. Valuation of property, plant and equipment

The carrying value of properties which was revalued in 2018 has been brought forward from the audited financial statements for the year ended 31 December 2020, and there were no revaluations of properties, plant and equipment for the period ended 31 December 2021.

#### 11. Material events subsequent to the end of the period

There were no material events subsequent to 31 December 2021.

#### 12. Changes in the composition of the Group

There were no changes in the composition of the Group for the period ended 31 December 2021.

#### 13. Changes in contingent liabilities

There were no contingent liabilities as at the date of this report.

#### 14. Capital Commitment

Authorised capital expenditure not provided for in the interim financial report as at 31 December 2021 were as follows:

Authorised and contracted but not provided for:	RM'000
Construction of factory building	1,491
Purchase of freehold lands	7,304
Purchase of leasehold land	<u>1,532</u>

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### 15. Recurrent Related Party Transactions

Subsidiaries of the Company	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 31.12.21 RM	Cumulative Quarter Ended 31.12.21 RM
Favourite Design Sdn Bhd	Double Soon Huat Enterprise	A company in which Chua Yong Haup is a connected person	Provide sub-contract services	712,967	1,892,729
Favourite Design Sdn Bhd	NNST Capital Sdn Bhd	A company in which Tan Bee Eng has interest	Renting of building	72,090	288,360
Favourite Design Sdn Bhd	T-Home Furniture Industry Sdn Bhd	A company in which Joey Tok Siew Tin <sup>(1)</sup> , has interest	Selling of furniture parts	-	26,108
Mayteck Kilang Kayu dan Perabut Sdn Bhd	T-Home Furniture Industry Sdn Bhd	A company in which Joey Tok Siew Tin <sup>(1)</sup> , has interest	Selling of furniture parts	29,142	165,416
LSG Furniture Sdn Bhd	Hong Tat Sofa Enterprise	A company in which Sia Chee Shong <sup>(2)</sup> is a connected person	Provide sub-contract services	6,907	161,623
EF Furniture Sdn Bhd	T Fields Trading	A company in which Tan Bee Eng is a connected person	Provide printing services	332,633	1,482,588
LSG Furniture Sdn Bhd	LHE Resources Sdn Bhd	A company in which Chua Yong Haup, Tan Bee Eng and Tok Heng Leong have interest	Renting of building	72,009	72,009
LSG Furniture Sdn Bhd	Chuan Yie Furniture Sdn Bhd	A company in which Koh Ben Guan <sup>(3)</sup> has interest	Provide subcontract services	293,500	1,018,851

Note <sup>(1)</sup> Joey Tok Siew Tin is the Group Marketing Manager and sister to Mr Tok Heng Leong

<sup>(2)</sup> Sia Chee Shong is a Director of LSG Furniture Sdn Bhd

<sup>(3)</sup> Koh Ben Guan is a shareholder of LSG Furniture Sdn Bhd

The above recurrent related party transactions for the period under review were entered into based on normal commercial terms.

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## ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

### 16. Review of Performance of the Group

Financial review for current quarter and financial year to date is tabulated below: -

	Individual Period (4th Quarter)		Changes (%)	Cumulative Period		Changes (%)
	31.12.21	31.12.20		31.12.21	31.12.20	
	RM'000	RM'000		RM'000	RM'000	
Revenue	<b>222,174</b>	282,956	(21.48%)	<b>749,269</b>	931,558	(19.57%)
Profit before tax	<b>16,689</b>	24,298	(31.32%)	<b>52,552</b>	102,086	(48.52%)
Profit before tax margin (%)	<b>7.51</b>	8.59	(12.57%)	<b>7.01</b>	10.96	(36.04%)
Profit after tax	<b>13,501</b>	18,672	(27.69%)	<b>40,407</b>	78,545	(48.56%)
Profit attributable to Ordinary Equity of the Parent	<b>13,483</b>	17,587	(23.34%)	<b>37,702</b>	75,822	(50.28%)

#### (a) Current Quarter vs Preceding Year Corresponding Quarter

The disruption in supply chain had caused the escalation of shipping charges which led to the deferment of shipments by customers for those low loadability products especially for bedroom set. As a result, turnover for the current quarter decreased by 21.48% as compared to the preceding year corresponding quarter.

Due to the lower revenue generated, the Group's profit before tax recorded at RM16.69 million, a decrease by 31.32% as compared to the preceding year corresponding quarter.

#### (b) Current Year to Date vs Preceding Financial Year Corresponding Period

The longer shut-down of the Group's operation for the current year to curb the spread of Covid-19 had resulted in the Group's revenue declining by 19.57% as compared to the preceding year corresponding period.

The Group's profit before tax consequently decreased by 48.52% as compared to preceding year corresponding period. Higher raw materials cost, longer non-productivity period coupled with the weaker US Dollar against Ringgit Malaysia (2021:4.1155, 2020:4.1716) for the current period under review all weighed on the Group's results for the current year.

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## 17 Variation of Results Against Preceding Quarter

Description	4 <sup>th</sup> Qtr 2021	3rd Qtr 2021	Changes	
	RM'000	RM'000	RM'000	%
Revenue	<b>222,174</b>	105,345	116,829	110.90%
Profit before tax	<b>16,689</b>	7,755	8,934	115.20%
Profit after tax	<b>13,501</b>	5,100	8,401	164.73%
Profit attributable to Ordinary Equity Holders of the Parent	<b>13,483</b>	5,081	8,402	165.36%

The operation for the current quarter resumed to normalcy after all workers and staff were fully vaccinated at end of September 2021. In that respect, the Group's turnover grew 110.90% as compared to the immediate preceding quarter.

The higher turnover coupled with the positive fair value changes of biological asset of RM1.5 million in the current quarter had resulted the Group's profit before tax to increase by 115.20%. The average USD conversion rate was rather constant compared to third quarter this year. (4<sup>th</sup> qtr: 4.1769, 3<sup>rd</sup> qtr: 4.1842).

## 18. Current year prospects

The emergence of a new variant of virus, namely Omicron has caused infections to resurge in many countries. The ongoing economic and logistics issues like: rising commodities prices; container shortage and disrupted supply chain that elevated inflation and persistent shortage of manpower continue to pose challenges to the Group's business.

The Board of Directors is mindful of the hurdles ahead and will continue to exercise vigilance to sustain business viability with the view to enhance shareholder value. With a largely controllable cost structure in place, a wider market-base for the Group's products and rationalization on the use of available workforce, and barring any unforeseen circumstances, the Board is of the view that the Group will remain robust, resilient and profitable for the financial year 2022.

## 19. Profit forecast

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

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## 20. Taxation

Taxation charge for the quarter and year-to-date comprises:

	Current Quarter 31.12.2021 RM'000	Current Quarter 31.12.2020 RM'000	Year to Date 31.12.2021 RM'000	Year to Date 31.12.2020 RM'000
Current taxation				
- provision for the period	3,151	5,985	12,131	23,943
- (over) provision of prior years	(507)	(201)	(507)	(323)
- deferred taxation	479	(182)	456	(104)
- under provision of prior year	65	-	65	
- tax penalty	-	25	-	25
	<u>3,188</u>	<u>5,627</u>	<u>12,145</u>	<u>23,541</u>

The lower effective tax rate for the current quarter of the Group was largely due to the fair value gain from biological asset which does not attract income tax.

## 21. Borrowings and Debt Securities

The Group's borrowings as at end of the reporting quarters were as follows:

	4th Quarter 2021 (RM'000)	4th Quarter 2020 (RM'000)
<b>Short Term</b>		
Overdraft	-	-
Bankers' acceptances	21,124	25,288
Term loans	1,350	750
Hire purchase	137	141
Total	<u>22,611</u>	<u>26,179</u>
<b>Long Term</b>		
Term loans	3,849	778
Hire purchase	441	578
Total	<u>4,290</u>	<u>1,356</u>
Grand Total	<u>26,901</u>	<u>27,535</u>

The loans and bank borrowings are secured and denominated in Ringgit Malaysia. The weighted average floating interest rates charged on the borrowings ranged from 2.40% to 2.50% (2020: 2.36% to 3.04%) per annum.

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## 22. Financial Instruments - derivatives

As at 31 December 2021, the foreign currency contracts which have been entered into by the Group to hedge against its sales in foreign currencies are as follows:

Forward Foreign Currency Contracts	Contract Value(RM'000)	Fair Value(RM'000)	Changes in Fair Value(RM'000)
US Dollar – less than 1 year	64,750	64,406	344

Derivative financial assets and liabilities are initially recognised, and subsequently measured at fair value. The fair values of derivatives are determined based on market data (primarily exchange rate) to calculate the present value of all estimated flows associated with each derivative at the balance sheet date. The Group's derivatives are principally in respect of forward foreign currency contracts used to hedge against its sales denominated in foreign currencies.

Forward foreign currency contracts of the Group have been measured at fair value and the changes in the fair value are recognised in profit or loss.

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### 23. Other Operating Income/(expenses)

Other operating income/(expenses) comprise the following:

	Current Quarter 31 December		Year to Date 31 December	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Foreign exchange gain/(loss)				
-realised	879	(1,165)	254	(3,056)
-unrealised	(1,289)	(627)	(1,065)	(989)
Gain/(loss) on disposal of property, plant and equipment	4	(24)	26	153
Gain on remeasurement of Right Of Use assets	20	-	451	271
Interest income	415	581	1,736	2,924
Fair value gain on derivative Financial instruments	295	1,222	344	1,392
Fair value gain of biological asset	1,509	34	1,509	34
Rental income	415	286	1,731	1,670
Sundry revenue	800	166	1,578	695
Insurance claim	58	17	58	17
Other operating income/(expenses)	3,106	490	6,622	3,111

### 24. Operating Expenses

The operating expenses include the following charges:

	Current Quarter 31 December		Year to Date 31 December	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation & amortization of property, plant and equipment and Right-Of-Use assets	4,407	4,615	17,490	16,941
Interest expenses	255	251	1,054	1,070
Property, plant and equipment written off	4	95	4	358
Biological asset written off	71	-	71	-

-continue

## 25. Off Balance Sheet Financial Instruments

Save as disclosed in Note 22 above, the Group did not have any financial instruments with off balance sheet risk as at 31 December 2021.

## 26. Material Litigations

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

## 27. Dividends

The Board of Directors declared the payment of third single tier dividend of 3.5 sen per share totalling RM6.3 million in respect of the financial year ending 31 December 2021, payable on 25 March 2022 to depositors registered in the Records of Depositors at close of business on 9 March 2022.

## 28. Corporate Proposal

Alliance Investment Bank Berhad on behalf of LHIB had made an announcement on 27 January 2022 that the Company proposed to undertake a bonus issue of 359,999,976 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) existing LHIB Share held on the Entitlement Date.

## 29. Basic Earnings per Share

	Current Quarter 31 December		Year to Date 31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Parents	<b>13,483</b>	17,587	<b>37,702</b>	75,822
Weighted average number of shares('000)	<b>180,000</b>	180,000	<b>180,000</b>	180,000
Basic Earnings per Share (sen)	<b>7.49</b>	9.77	<b>20.95</b>	42.12

## 30. Authorisation for issue

These interim financial statements and the accompanying notes were authorised for issue by the Board of Directors.

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

Pang Kah Man, MIA 18831  
Company Secretary