

**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 SECOND QUARTER ENDED 30 JUNE 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.06.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2021 RM'000	CURRENT YEAR-TO-DATE 30.06.2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2021 RM'000
<b>Revenue</b>	9	186,983	184,375	428,913	421,750
Cost of sales		(150,332)	(158,840)	(349,805)	(360,494)
<b>Gross Profit</b>		36,651	25,535	79,108	61,256
Other operating income	23	4,644	1,679	6,453	2,200
Operating expenses	24	(16,835)	(16,209)	(35,044)	(34,818)
<b>Profit from operations</b>		24,460	11,005	50,517	28,638
Finance costs		(286)	(268)	(588)	(530)
<b>Profit before taxation</b>		24,174	10,737	49,929	28,108
Taxation	20	(6,114)	(2,153)	(12,205)	(6,301)
<b>Profit for the period</b>		18,060	8,584	37,724	21,807
<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>		18,060	8,584	37,724	21,807
<b>Profit/(Loss) attributable to:</b>					
Owners of the Parent		17,802	7,850	36,776	20,073
Non-Controlling Interest		258	734	948	1,734
		18,060	8,584	37,724	21,807
<b>Total comprehensive income attributable to:</b>					
Owners of the Parent		17,802	7,850	36,776	20,073
Non-Controlling Interest		258	734	948	1,734
		18,060	8,584	37,724	21,807
<b>Earnings per share attributable to owners of the Parent (sen)</b>					
Basic	29	9.89	4.36	20.43	11.15
Diluted		-	-	-	-
		9.89	4.36	20.43	11.15

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 2021 and the accompanying notes as attached.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

ASSETS	Note	AS AT END OF CURRENT QUARTER <b>30.06.2022</b> RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2021 RM'000 AUDITED
<b>Non-current assets</b>			
Property, plant and equipment		217,376	205,820
Investment property		347	351
Right- of- use assets		12,147	12,526
Intangible assets		2	3
Biological assets		4,521	4,444
		<b>234,393</b>	<b>223,144</b>
<b>Current assets</b>			
Inventories		114,235	151,876
Trade receivables		67,189	62,011
Other receivables		12,923	10,302
Tax assets		197	5,296
Derivatives financial instruments at fair value	22	-	344
Fixed deposits with licensed banks		77,542	70,109
Cash and bank balances		90,401	80,250
		<b>362,487</b>	<b>380,188</b>
<b>TOTAL ASSETS</b>		<b>596,880</b>	<b>603,332</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Parent:</b>			
Share capital		90,000	90,000
Reserves		373,791	350,515
		<b>463,791</b>	<b>440,515</b>
Non-controlling interest		5,766	5,391
<b>TOTAL EQUITY</b>		<b>469,557</b>	<b>445,906</b>
<b>Non-current liabilities</b>			
Borrowings	21	9,084	4,273
Lease liabilities		7,458	6,188
Deferred taxation		20,826	20,487
		<b>37,368</b>	<b>30,948</b>
<b>Current Liabilities</b>			
Payables		65,830	97,676
Derivatives financial instruments at fair value	22	373	-
Short-term borrowings	21	14,321	22,628
Lease liabilities		4,451	6,114
Provision for taxation		4,980	60
		<b>89,955</b>	<b>126,478</b>
<b>TOTAL LIABILITIES</b>		<b>127,323</b>	<b>157,426</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>596,880</b>	<b>603,332</b>

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 2021 and the accompanying explanatory notes as attached.

**LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	-----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 2022	90,000	40,787	309,728	440,515	5,391	445,906
Total comprehensive income for the period			36,776	36,776	948	37,724
Dividend paid			(13,500)	(13,500)	(573)	(14,073)
Balance as at 30 June 2022	<u>90,000</u>	<u>40,787</u>	<u>333,004</u>	<u>463,791</u>	<u>5,766</u>	<u>469,557</u>
Balance as at 1 January 2021	90,000	41,544	286,501	418,045	2,723	420,768
Total comprehensive income for the period			37,770	37,770	2,668	40,438
Transfer between reserves		(757)	757	-	-	-
Dividend paid			(15,300)	(15,300)	-	(15,300)
Balance as at 31 December 2021	<u>90,000</u>	<u>40,787</u>	<u>309,728</u>	<u>440,515</u>	<u>5,391</u>	<u>445,906</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 2021 and the accompany explanatory notes as attached.**

**LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SECOND QUARTER ENDED 30 JUNE 2022**

	Unaudited Current Period- To-Date <b>30 June 22</b> RM'000	Audited Preceding Year Ended 31 Dec 21 RM'000
<b>Cash Flow From Operating Activities</b>		
Profit before Taxation	49,929	52,506
Adjustments for:		
Depreciation and amortization of property, plant and equipment	5,822	11,144
Depreciation on right-of-use assets	3,400	6,496
Inventories written down to net realisable value	-	4,470
Interest expenses	588	1,060
Interest income	(808)	(1,736)
Biological assets written off	-	140
Gain on remeasurement and derecognition of right-of -use assets	(39)	(458)
Fair value changes of biological assets	-	(1,509)
(Gain)/Loss on disposal of property, plant and equipment	(11)	(26)
Unrealised foreign exchange (gain) /loss	(650)	1,065
Net fair value loss/(gain) on financial instruments measured at fair value	373	(344)
Fixed assets written off	-	4
Operating profit before working capital changes	58,604	72,812
Decrease/(Increase) in inventories	37,641	(9,930)
(Increase)/Decrease in receivables	(7,149)	10,820
Decrease in payables	(31,846)	(24,971)
Cash generated from operations	57,250	48,731
Interest paid	(588)	(1,060)
Tax paid	(5,121)	(17,393)
Tax refunded	3,273	59
Realisation of derivative financial instruments	344	1,392
Net cash from operating activities	55,158	31,729
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(17,364)	(23,147)
Payment for biological assets	(77)	(277)
Proceeds from disposal of property, plant and equipment	11	210
Interest income	808	1,791
Net cash used in investing activities	(16,622)	(21,423)
<b>Cash Flow From Financing Activities</b>		
Net changes in bankers' acceptances	(10,887)	(4,163)
Repayment of term loans and hire purchase creditors	(880)	(937)
Repayment of lease liabilities	(3,383)	(6,110)
Dividend paid	(13,500)	(15,300)
Changes in pledged short-term deposits	-	25
Term loan draw-down	6,000	4,467
Dividend paid to non-controlling interest	(573)	-
Net cash used in financing activities	(23,223)	(22,018)
Net changes in Cash and Cash Equivalents	15,313	(11,712)
Cash and Cash Equivalents Brought Forward	147,819	159,531
Cash and Cash Equivalents Carried Forward	163,132	147,819
Cash and cash equivalents carried forward consist of:		
Cash and bank balances	167,943	150,359
Bank overdraft	(2,271)	-
	165,672	150,359
Less: Fixed deposit pledged for bank facilities	(2,540)	(2,540)
	163,132	147,819

**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 2021 and the accompanying explanatory notes as attached.**

**NOTES TO THE QUARTERLY CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022**

**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 2021. 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 2021.

**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 2021, except for the adoption of the following Amendments to Malaysian Financial Reporting Standards (“MFRS”) for the financial periods beginning on or after 1 January 2022:

(a) Adoption of amendments to MFRSs

- |            |  |
|------------|--|
| - MFRS 3   | Reference to the Conceptual Framework                                  |
| - MFRS 9   | Financial Instruments (Annual Improvement to MFRS Standards 2018-2020) |
| - MFRS 116 | Property, Plant and Equipment – Proceeds before Intended Use           |
| -MFRS 137  | Onerous Contracts – Cost of Fulfilling a Contract                      |

The adoption of the above-mentioned amendments did not have any significant impact on the financial statements of the Group for the quarter under review.

(b) Amendments to MFRSs issued but not yet effective and not early adopted by the Group are as listed below:

- |            |   |
|------------|---|
| - MFRS 101 | Classification of Liabilities as Current or Non-current |
| - MFRS 101 | Disclosure of Accounting Policies                       |
| - MFRS 108 | Definition of Accounting Estimate                       |

It is anticipated that the adoption of the above-mentioned amendments will not have any 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 2021.

### 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 30 June 2022.

### 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 30 June 2022.

### 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
Third interim single tier	3.5 sen	31.12.2021	6,300	09.03.2022	25.03.2022
First interim single tier	4.0 sen	31.12.2022	7,200	15.06.2022	29.06.2022

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## 9. Segmental Reporting

The Group has the following reportable segments: -

2022	Furniture Manufacturing		Plantation		Other		Group	
	2nd Quarter	YTD	2 <sup>nd</sup> Quarter	YTD	2nd Quarter	YTD	2nd quarter	YTD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Total revenue	187,648	430,342	-	-	8,343	15,472	195,991	445,814
Inter-segment revenue	(665)	(1,429)	-	-	(8,343)	(15,472)	(9,008)	(16,901)
Revenue from external customers	186,983	428,913	-	-	-	-	186,983	428,913
Interest income	341	625	-	-	102	183	443	808
Finance costs	(282)	(580)	(4)	(8)	-	-	(286)	(588)
Net finance (costs)/income	59	45	(4)	(8)	102	183	157	220
Depreciation of property, plant and equipment and right-of-use assets	4,666	9,158	32	64	-	-	4,698	9,222
Segment profit/(loss) before tax	24,389	50,298	(132)	(226)	(83)	(143)	24,174	49,929
Additions to non-current assets	3,803	17,364	23	77	-	-	3,826	17,441
Segment assets		572,383		6,526		17,971		596,880
Segment liabilities		127,005		291		26		127,322

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The Group has the following reportable segments: -

2021	Furniture Manufacturing		Plantation		Other		Group	
	2nd Quarter RM'000	YTD RM'000	2 <sup>nd</sup> Quarter RM'000	YTD RM'000	2nd Quarter RM'000	YTD RM'000	2nd Quarter RM'000	YTD RM'000
Revenue								
Total Revenue	184,883	422,882	-	-	7,364	15,601	192,247	438,483
Inter-segment revenue	(508)	(1,132)	-	-	(7,364)	(15,601)	(7,872)	(16,733)
Revenue from external customers	184,375	421,750	-	-	-	-	184,375	421,750
Interest income	353	698	-	-	99	189	452	887
Finance cost	(264)	(522)	(4)	(8)	-	-	(268)	(530)
Net finance (costs)/income	89	176	(4)	(8)	99	189	184	357
Depreciation of property, plant and equipment and right-of-use assets	4,316	8,591	32	63	-	-	4,348	8,654
Segment profit/(loss) before tax	10,841	28,328	(58)	(128)	(46)	(92)	10,737	28,108
Additions to non-current assets	3,547	8,819	97	161	-	-	3,644	8,980
Segment assets		520,099		5,073		24,207		549,379
Segment liabilities		113,663		309		5,432		119,404

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

	2 <sup>nd</sup> Quarter Ended		Year-to-Date	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Africa	105	214	367	214
Asia	5,529	799	8,402	2,039
North America	171,758	176,188	399,277	402,816
Australia	380	111	608	392
Europe	-	-	140	117
Malaysia	9,211	7,063	20,119	16,172
	<b>186,983</b>	184,375	<b>428,913</b>	421,750

As at end of the reporting quarter, there were two (2) (2021: 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 2021, and there were no revaluations of properties, plant and equipment for the period ended 30 June 2022.

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

There were no material events subsequent to 30 June 2022 and up to the date of this announcement.

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

There were no changes in the composition of the Group for the period ended 30 June 2022.

#### 13. Changes in contingent liabilities

There were no contingent liabilities as at the end of the quarter under review and the date of this report.

#### 14. Capital Commitment

Authorised capital expenditure not provided for in the interim financial report as at 30 June 2022 were as follows:

Authorised and contracted but not provided for:	RM'000
Construction of factory building	753
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 30.06.22 RM	Cumulative Quarter Ended 30.06.22 RM
Favourite Design Sdn Bhd	Double Soon Huat Enterprise	A company in which Chua Yong Haup is a connected person	Provide sub-contract services	213,220	779,635
Favourite Design Sdn Bhd	NNST Capital Sdn Bhd	A company in which Tan Bee Eng has interest	Renting of building	72,090	144,180
Favourite Design Sdn Bhd	NNST Capital Sdn Bhd	A company in which Tan Bee Eng has interest	Renting of building	24,810	24,810
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	-	2,898
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	33,962	46,094
LSG Furniture Sdn Bhd	Hong Tat Furniture Sdn Bhd	A company in which Sia Chee Shong <sup>(2)</sup> is a connected person	Provide sub-contract services	49,969	66,226
EF Furniture Sdn Bhd	T Fields Trading	A company in which Tan Bee Eng is a connected person	Provide printing services	192,343	570,245
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	185,845	319,802

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

<sup>(2)</sup> Sia Chee Shong is a Director 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 (2nd Quarter)		Changes (%)	Cumulative Period		Changes (%)
	30.06.22	30.06.21		30.06.22	30.06.21	
	RM'000	RM'000		RM'000	RM'000	
Revenue	<b>186,983</b>	184,375	1.41%	<b>428,913</b>	421,750	1.70%
Profit before tax	<b>24,174</b>	10,737	125.15%	<b>49,929</b>	28,108	77.63%
Profit before tax margin (%)	<b>12.93</b>	5.82	122.16%	<b>11.64</b>	6.66	74.77%
Profit after tax	<b>18,060</b>	8,584	110.39%	<b>37,724</b>	21,808	72.98%
Profit attributable to Ordinary Equity of the Parent	<b>17,802</b>	7,850	126.78%	<b>36,776</b>	20,073	83.21%

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

Despite no interruption of production activities in the current quarter as compared to the preceding year corresponding quarter where FMCO was enforced in June 2021 and where all operations were shut down, the Group's turnover increased marginally by 1.41%. The protracted disruption in global supply chain and exorbitant shipping charges, coupled with the high stock-holding level in the customers' warehouses were the factors that led to the deferment of shipments by customers, resulting in lower volume of goods shipped in the current quarter.

Notwithstanding the lower shipments, the Group's profit before tax increased 125.15% as compared to the preceding year corresponding quarter. The main reason for the higher profit margin was due the continued appreciation of USD against RM by 5.1% (2nd qtr. 2022: 4.3289, 2nd qtr. 2021: 4.1189) for the current quarter under review.

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

The Group's turnover increased marginally by 1.70% as compared to preceding year corresponding period. The factors mentioned in 16(a) impacted the current period export sales volume more than the effect of the shut-down of Group's operation due to Covid-19 pandemic in the preceding period. Export sales denominated in USD declined by 3% in the current period.

Even though turnover increased marginally, the Group's profit before tax increased by 77.63% due to appreciation of average USD rate against RM by 3.9% (2022: 4.2473; 2021: 4.0864) for the year under review.

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## 17 Variation of Results Against Preceding Quarter

Description	2nd Qtr. 2022	1 <sup>st</sup> Qtr. 2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	<b>186,983</b>	241,931	(54,948)	(22.71%)
Profit before tax	<b>24,174</b>	25,756	(1,582)	(6.14%)
Profit after tax	<b>18,060</b>	19,665	(1,605)	(8.16%)
Profit attributable to Ordinary Equity Holders of the Parent	<b>17,802</b>	18,975	(1,173)	(6.18%)

The Group's turnover decreased 22.71% as compared to the immediate preceding quarter, mainly due to lower sales volume of all the Group's products in the current quarter.

Despite the significant drop in revenue of 23% and implementation of the minimum wage of RM1,500 which commenced in May 2022, the Group's profit before tax only contracted by 6.14%. This was mainly due to the continued appreciation of USD against RM in second quarter 2022 by 3.42%. (2<sup>nd</sup> qtr. 2022: 4.3289, 1<sup>st</sup> qtr. 2022: 4.1859).

## 18. Current year prospects

In the face of multiple headwinds, including a worsened global economic outlook, lingering geopolitical tensions, aggressive interest rate hikes by major central banks to combat inflationary pressures and Covid-19 uncertainties in Mainland China, external demand shrank for the year under review. On the local front, the shortage of manpower, together with implementation of the new minimum wage rate and sluggish orders from customers continue to exert pressure on the manufacturing sector, including the Group's operations.

The Board of Directors, together with Management, being mindful of such challenges faced by the Group, will continue to exercise vigilance in decision-making to sustain business viability with the view to enhance long-term shareholder value. With a largely controllable cost structure in place, a wider market-base for the Group's products and rationalisation on the use of available workforce, and barring any unforeseen circumstances, the Board is of the view that the Group will remain 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:

	<b>Current Quarter 30.06.2022 RM'000</b>	Preceding Quarter 30.06.2021 RM'000	<b>Current Year- to-Date 30.06.2022 RM'000</b>	Corresponding Year-to-Date 30.06.2021 RM'000
Current taxation				
- provision for the period	<b>6,084</b>	2,294	<b>11,750</b>	6,167
- under-provision for prior years	<b>117</b>	-	<b>117</b>	-
- deferred taxation	<b>(87)</b>	(141)	<b>338</b>	2134
	<b><u>6,114</u></b>	<u>2,153</u>	<b><u>12,205</u></b>	<u>6,301</u>

The effective tax rate in relation to the Group's profit before taxation for the quarter and year-to-date review approximates the statutory tax rate of 24%.

## 21. Borrowings and Debt Securities

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

	<b>2nd Quarter Ended 30.06.2022 RM'000</b>	Corresponding Year-to-Date 31.12.2021 RM'000
<b>Short Term</b>	<b>RM'000</b>	RM'000
Overdraft	<b>2,271</b>	-
Bankers' acceptances	<b>10,237</b>	21,124
Term loans	<b>1,675</b>	1,353
Hire purchase	<b>138</b>	151
Total	<b><u>14,321</u></b>	<u>22,628</u>
<b>Long Term</b>		
Term loans	<b>8,718</b>	3,845
Hire purchase	<b>366</b>	428
Total	<b><u>9,084</u></b>	<u>4,273</u>
Grand Total	<b><u>23,405</u></b>	<u>26,901</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 2.36% to 2.80% (2021: 2.40% to 2.50%) per annum.

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## 22. Financial Instruments - derivatives

As at 30 June 2022, 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	18,578	18,950	373

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 changes in the fair value are recognised in profit or loss.

## 23. Other Operating Income/(Expenses)

Other operating income/(expenses) comprises the following:

	2nd Quarter Ended 30 June		Year-to-Date 30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss)				
-realised	<b>3,816</b>	(795)	<b>4,215</b>	2
-unrealised	<b>214</b>	(385)	<b>650</b>	407
Gain on disposal of property, plant and equipment	<b>6</b>	3	<b>11</b>	22
Gain on remeasurement of Right-of-Use assets	<b>13</b>	285	<b>39</b>	295
Interest income	<b>443</b>	452	<b>808</b>	887
Fair value gain/(loss) on derivative financial instruments	<b>(439)</b>	1,559	<b>(372)</b>	(505)
Rental income	<b>267</b>	441	<b>613</b>	895
Sundry revenue	<b>324</b>	119	<b>490</b>	197
	<b>4,644</b>	1,679	<b>6,453</b>	2,200

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## 24. Operating Expenses

The operating expenses include the following charges:

	2 <sup>nd</sup> Quarter Ended		Year to Date	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Depreciation & amortization of property, plant and equipment and Right-of-Use assets	4,698	4,348	9,222	8,654
Interest expenses	286	268	588	530

## 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 30 June 2022.

## 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 a second single tier dividend of 1.17 sen per share on the enlarged share capital 539,999,964 totalling RM6.3 million in respect of the financial year ending 31 December 2022, payable on 29 September 2022 to depositors registered in the Records of Depositors at close of business on 14 September 2022.

## 28. Corporate Proposal

Alliance Islamic Bank Berhad, on behalf of LHIB, made two announcements, namely that a total of 359,999,976 Bonus Shares have been issued pursuant to the Bonus Issue Proposal and the said Proposal has been completed following the listing and quotation of the Bonus Issue on the Main Market of Bursa Securities on 1 July 2022 and 4 July 2022 respectively.

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## 29. Basic Earnings per Share

	2nd Quarter Ended		Year-to-Date	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Parent	<b>17,802</b>	7,850	<b>36,776</b>	20,073
Weighted average number of shares in issue ('000)	<b>180,000</b>	180,000	<b>180,000</b>	180,000
Basic Earnings per Share (sen)	<b>9.89</b>	4.36	<b>20.43</b>	11.15

## 30. Authorisation for issue

These interim financial statements and the accompanying notes were authorised for issue by the Board of Directors on 25 August 2022.

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

Pang Kah Man, MIA 18831  
Company Secretary