

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 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2021 RM'000	CURRENT YEAR-TO-DATE 31.12.2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2021 RM'000
Revenue	9	152,429	222,174	730,882	749,269
Cost of sales		(108,773)	(186,638)	(573,699)	(633,860)
Gross Profit		43,656	35,536	157,183	115,409
Other operating income/(expenses)	23	(4,155)	3,037	9,217	6,553
Operating expenses	24	(15,277)	(21,669)	(63,442)	(68,396)
Profit from operations		24,224	16,904	102,958	53,566
Finance costs		(254)	(260)	(985)	(1,060)
Profit before taxation		23,970	16,644	101,973	52,506
Taxation	20	(6,813)	(3,112)	(25,543)	(12,068)
Profit for the period		17,157	13,532	76,430	40,438
Other comprehensive income for the period, net of tax item that will not be reclassified subsequently to profit or loss			-	-	-
Revaluation surplus on property, plant and equipment		-	-	-	-
Total comprehensive income for the period		17,157	13,532	76,430	40,438
Profit/(Loss) attributable to:					
Owners of the Parent		16,872	12,616	74,835	37,770
Non-Controlling Interest		285	916	1,595	2,668
		17,157	13,532	76,430	40,438
Total comprehensive income attributable to:					
Owners of the Parent		16,872	12,616	74,835	37,770
Non-Controlling Interest		285	916	1,595	2,668
		17,157	13,532	76,430	40,438
Earnings per share attributable to owners of the Parent (sen)					
Basic(*)	28	3.12	2.34*	13.86	6.99*
Diluted		-	-	-	-
		3.12	2.34*	13.86	6.99*

* Based on the enlarged share capital of 539,999,964 shares after the Proposed Bonus Issue on 1 July 2022.

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 31 DECEMBER 2022

ASSETS	Note	AS AT END OF CURRENT QUARTER 31.12.2022 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2021 RM'000 AUDITED
Non-current assets			
Property, plant and equipment		219,138	205,820
Investment property		343	351
Right- of- use assets		15,202	12,526
Intangible assets		2	3
Biological assets		5,219	4,444
		<u>239,904</u>	<u>223,144</u>
Current assets			
Inventories		95,871	151,876
Trade receivables		53,536	62,011
Other receivables		10,872	10,302
Tax assets		166	5,296
Derivatives financial instruments at fair value	22	13	344
Fixed deposits with licensed banks		143,324	70,109
Cash and bank balances		75,487	80,250
		<u>379,269</u>	<u>380,188</u>
TOTAL ASSETS		<u>619,173</u>	<u>603,332</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent:			
Share capital		90,000	90,000
Reserves		398,081	350,515
		<u>488,081</u>	<u>440,515</u>
Non-controlling interest		6,133	5,391
TOTAL EQUITY		<u>494,214</u>	<u>445,906</u>
Non-current liabilities			
Borrowings	21	14,344	4,273
Lease liabilities		8,709	6,188
Deferred taxation		20,102	20,487
		<u>43,155</u>	<u>30,948</u>
Current Liabilities			
Payables		63,494	97,676
Derivatives financial instruments at fair value	22	-	-
Dividend payable		-	-
Short-term borrowings	21	3,063	22,628
Lease liabilities		6,273	6,114
Provision for taxation		8,974	60
		<u>81,804</u>	<u>126,478</u>
TOTAL LIABILITIES		124,959	157,426
TOTAL EQUITY AND LIABILITIES		<u>619,173</u>	<u>603,332</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 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 YEAR ENDED 31 DECEMBER 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			74,835	74,835	1,595	76,430
Share issue expenses			(161)	(161)	-	(161)
Dividend paid			(27,108)	(27,108)	(853)	(27,961)
Balance as at 31 December 2022	<u>90,000</u>	<u>40,787</u>	<u>357,294</u>	<u>488,081</u>	<u>6,133</u>	<u>494,214</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 YEAR ENDED 31 DECEMBER 2022

	Unaudited Current Period- To-Date 31 Dec 22 RM'000	Audited Preceding Year Ended 31 Dec 21 RM'000
Cash Flow From Operating Activities		
Profit before Taxation	101,973	52,506
Adjustments for:		
Depreciation and amortization of property, plant and equipment	11,840	11,144
Depreciation on right-of-use assets	7,144	6,496
Inventories written down to net realisable value	2,215	4,470
Interest expenses	985	1,060
Interest income	(2,718)	(1,736)
Biological assets written off	-	140
Gain on remeasurement and derecognition of right-of -use assets	(60)	(458)
Fair value changes of biological assets	(531)	(1,509)
(Gain)/Loss on disposal of property, plant and equipment	(11)	(26)
Unrealised foreign exchange (gain) /loss	679	1,065
Net fair value loss/(gain) on financial instruments measured at fair value	(13)	(344)
Fixed assets written off	23	4
Operating profit before working capital changes	<u>121,526</u>	<u>72,812</u>
Decrease/(Increase) in inventories	53,790	(9,930)
Decrease in receivables	7,226	10,820
(Decrease) in payables	(34,182)	(24,971)
Cash generated from operations	<u>148,360</u>	<u>48,731</u>
Interest paid	(985)	(1,060)
Tax paid	(15,158)	(17,393)
Tax refunded	3,273	59
Realisation of derivative financial instruments	344	1,392
Net cash from operating activities	<u>135,834</u>	<u>31,729</u>
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(25,171)	(23,147)
Payment for biological assets	(244)	(277)
Proceeds from disposal of property, plant and equipment	11	210
Interest income	2,718	1,791
Net cash used in investing activities	(22,686)	(21,423)
Cash Flow From Financing Activities		
Net changes in bankers' acceptances	(20,136)	(4,163)
Repayment of term loans and hire purchase creditors	(1,920)	(937)
Repayment of lease liabilities	(7,080)	(6,110)
Dividend paid	(27,108)	(15,300)
Changes in pledged short-term deposits	-	25
Term loan draw-down	12,562	4,467
Dividend paid to non-controlling interest	(853)	-
Share issue expenses	(161)	-
Net cash used in financing activities	(44,696)	(22,018)
Net changes in Cash and Cash Equivalents	<u>68,452</u>	<u>(11,712)</u>
Cash and Cash Equivalents Brought Forward	147,819	159,531
Cash and Cash Equivalents Carried Forward	<u><u>216,271</u></u>	<u><u>147,819</u></u>
Cash and cash equivalents carried forward consist of:		
Cash and bank balances	218,811	150,359
Bank overdraft	-	-
	<u>218,811</u>	<u>150,359</u>
Less: Fixed deposit pledged for bank facilities	(2,540)	(2,540)
	<u><u>216,271</u></u>	<u><u>147,819</u></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 2021 and the accompanying explanatory notes as attached.

NOTES TO THE QUARTERLY CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 |
| - MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

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 31 December 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 31 December 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
Second interim single tier *	1.17 sen	31.12.2022	6,318	14.09.2022	29.09.2022
Third interim single tier *	1.35 sen	31.12.2022	7,290	15.12.2022	30.12.2022

* Based on enlarged share capital of 539,999,964 shares after the Proposed Bonus Issue on 1 July 2022.

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9. Segmental Reporting

The Group has the following reportable segments: -

2022	Furniture Manufacturing		Plantation		Other		Group	
	4th Quarter	YTD	4th Quarter	YTD	4th Quarter	YTD	4th quarter	YTD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Total revenue	153,540	733,801	-	-	8,734	31,610	162,274	765,411
Inter-segment revenue	(1,111)	(2,919)	-	-	(8,734)	(31,610)	(9,845)	(34,529)
Revenue from external customers	152,429	730,882	-	-	-	-	152,429	730,882
Interest income	1,081	2,247	-	-	169	471	1,250	2,718
Finance costs	(250)	(968)	(4)	(17)	-	-	(254)	(985)
Net finance (costs)/income	831	1,279	(4)	(17)	169	471	996	1,733
Depreciation of property, plant and equipment and right-of-use assets	4,834	18,854	32	128	1	2	4,867	18,984
Segment profit/(loss) before tax	23,680	102,089	415	136	(125)	(252)	23,970	101,973
Additions to non-current assets	5,453	25,121	125	294	-	-	5,578	25,415
Segment assets		594,185		7,145		17,843		619,173
Segment liabilities		124,333		372		254		124,959

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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 cost	(256)	(1,042)	(4)	(18)	-	-	(260)	(1,060)
Net finance (costs)/income	57	460	(4)	(18)	102	234	155	676
Depreciation of property, plant and equipment and right-of-use assets	4,524	17,511	32	128	-	-	4,556	17,639
Segment profit/(loss) before tax	15,280	51,812	1,484	1,039	(120)	(345)	16,644	52,506
Additions to non-current assets	5,056	23,147	57	277	-	-	5,113	23,424
Segment assets		578,732		6,354		18,246		603,332
Segment liabilities		156,960		320		146		157,426

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

	4th Quarter Ended		Year-to-Date	
	31 Dec		31 Dec	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Africa	211	524	1,595	890
Asia	1,366	1,733	15,569	3,995
North America	140,589	207,632	675,026	712,977
Australia	4,838	377	5,989	833
Europe	246	851	743	1,263
Malaysia	5,179	11,057	31,960	29,311
	152,429	222,174	730,882	749,269

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 31 December 2022.

11. Material events subsequent to the end of the period

There were no material events subsequent to 31 December 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 31 December 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 31 December 2022 were as follows:

Authorised and contracted but not provided for:	RM'000
Construction of factory building	419
Purchase of leasehold land	<u>383</u>

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15. Recurrent Related Party Transactions

Subsidiaries of the Company	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 31.12.22 RM	Cumulative Year Ended 31.12.22 RM
Favourite Design Sdn Bhd	Double Soon Huat Enterprise	A company in which Chua Yong Haup is a connected person	Provide sub-contract services	192,286	1,116,753
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	NNST Capital Sdn Bhd	A company in which Tan Bee Eng has interest	Renting of building	74,430	173,670
Favourite Design Sdn Bhd	T-Home Furniture Industry Sdn Bhd	A company in which Joey Tok Siew Tin ⁽¹⁾ , 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 ⁽¹⁾ , has interest	Selling of furniture parts	18,094	69,355
LSG Furniture Sdn Bhd	Hong Tat Furniture Sdn Bhd	A company in which Sia Chee Shong ⁽²⁾ is a connected person	Provide sub-contract services	-	180,400
EF Furniture Sdn Bhd	T Fields Trading	A company in which Tan Bee Eng is a connected person	Provide printing services	355,205	1,066,945
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	61,948	567,595
CT Haup Heng Sdn Bhd	T-Home Furniture Industry Sdn Bhd	A company in which Joey Tok Siew Tin ⁽¹⁾ has interest	Selling of furniture parts	18,000	46,000
CT Haup Heng Sdn Bhd	Double Soon Huat Enterprise	A company in which Chua Yong Haup is a connected person	Provide sub-contract services	43,618	90,018
EF Furniture Sdn Bhd	Mr Tiger Enterprise	A company in which Mr Tan Bee Eng is a connected person	Selling of products	77,350	77,350

Note ⁽¹⁾ Joey Tok Siew Tin is the Group Senior Manager and sister to Tok Heng Leong

⁽²⁾ 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 (4th Quarter)		Changes (%)	Cumulative Period		Changes (%)
	31.12.22	31.12.21		31.12.22	31.12.21	
	RM'000	RM'000		RM'000	RM'000	
Revenue	152,429	222,174	(31.39%)	730,882	749,269	(2.45%)
Profit before tax	23,970	16,644	44.03%	101,973	52,506	94.21%
Profit before tax margin (%)	15.73	7.50	109.73%	13.95	7.00	99.29%
Profit after tax	17,157	13,532	26.81%	76,430	40,438	89.01%
Profit attributable to Ordinary Equity of the Parent	16,872	12,616	33.75%	74,835	37,770	98.13%

(a) Current Quarter vs. Preceding Year Corresponding Quarter

The sluggish demand for the Group's products continued in the current quarter especially for bedroom set, dining and sofa set whereas the panel products registered an increase of 9%. The pent-up demand and build-up of inventory by the US's customers to mitigate supply chain disruption last year had ceased. The high inventory level and fear of impending global economic downturn were the main factors that caused the reduced demand for the Group's products.

Despite lower revenue recorded, the Group's profit before tax increased 44.03% compared to the preceding year corresponding quarter. The relatively lower raw materials and other operating costs, coupled with the appreciation of USD against RM by 10% (4th qtr. 2022: 4.5770, 4th qtr. 2021: 4.1769) in the current quarter had enabled the Group to achieve the commendable profit despite lower revenue generated.

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

The Group's turnover for the current financial year decreased by 2.45% as compared to preceding year. The protracted disruption in global supply chain and exorbitant shipping charges in the first half of the year, coupled with the high stock-holding level at customers' warehouses and reduced demand due to anticipated slow-down in economy had impacted the current year export sales volume more than the effect of shut-down of the Group's operation due to Covid-19 pandemic in the preceding year. Export sales denominated in USD declined by 8% in the current year compared to preceding year.

The Group's profit before tax, however increased substantially by 94.21% due to appreciation of the average USD rate against RM by 5.60% (2022: 4.3458; 2021: 4.1155) and the relatively lower cost of raw materials consumed as compared to preceding corresponding period.

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17 Variation of Results Against Preceding Quarter

Description	4th Qtr. 2022	3 rd Qtr. 2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	152,429	149,540	2,889	1.93%
Profit before tax	23,970	28,072	(4,102)	(14.61%)
Profit after tax	17,157	21,547	(4,390)	(20.37%)
Profit attributable to Ordinary Equity Holders of the Parent	16,872	21,186	(4,314)	(20.36%)

The Group's turnover increased marginally by 1.93% as compared to the immediate preceding quarter, mainly due to increase in the sales volume of panel products by 36% offset by the lower sales generated in bedroom, dining and sofa sets.

Despite the meagre growth in revenue, the Group's profit before tax dipped 14.61% as compared to the immediate preceding quarter, mainly due to the USD exchange loss of RM6.5 million in the current quarter as shown in Note 23 of this report.

18. Current year prospects

The global growth is expected to slow down in 2023 especially in the developed economies. The persistent high inflation, even tighter monetary policy, financial stress, weakness in major economies and the escalation of geopolitical tensions could push the global economy into recession. However, the recent improvement on inflation data and labour market cooling and China's reopening might pave the way for a softer landing and a rebound in business activity.

On the local front, reduced orders from customers continue to exert pressure on 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 2023.

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 31.12.2022 RM'000	Preceding Quarter 31.12.2021 RM'000	Current Year- to-Date 31.12.2022 RM'000	Correspon ding Year- to-Date 31.12.2021 RM'000
Current taxation				
- provision for the period	7,476	3,026	25,612	12,005
- (over) provision for prior years	(370)	(494)	(370)	(494)
-additional tax for prior years	-	-	687	-
- deferred taxation	(293)	580	(386)	557
	<u>6,813</u>	<u>3,112</u>	<u>25,543</u>	<u>12,068</u>

The effective tax rate in relation to the Group's profit before taxation for the quarter and year-to-date under review is higher than the statutory tax rate of 24% in the absence of group's tax relief for certain loss-making subsidiaries.

21. Borrowings and Debt Securities

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

	4th Quarter Ended 31.12.2022 RM'000	Corresponding Year-to-Date 31.12.2021 RM'000
Short Term	RM'000	RM'000
Overdraft	-	-
Bankers' acceptances	988	21,124
Term loans	1,913	1,353
Hire purchase	162	151
Total	<u>3,063</u>	<u>22,628</u>
Long Term		
Term loans	14,080	3,845
Hire purchase	264	428
Total	<u>14,344</u>	<u>4,273</u>
Grand Total	<u>17,407</u>	<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 3.35% to 3.60% (2021: 2.40% to 2.50%) per annum.

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22. Financial Instruments - derivatives

As at 31 December 2022, the foreign currency contracts which have been entered by the Group to hedge against its sales in foreign currencies are as follows:

Forward Foreign Currency Contracts	Contracts Value (RM'000)	Fair Value (RM'000)	Changes in Fair Value (RM'000)
US Dollar – less than 1 year	3,087	3,074	13

Derivative financial assets and liabilities are initially recognized, 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 recognized in profit or loss.

23. Other Operating Income/(Expenses)

Other operating income/(expenses) comprises the following:

	4th Quarter Ended 31 December		Year-to-Date 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss)				
-realised	(2,103)	879	4,420	255
-unrealised	(4,361)	(1,289)	(679)	(1,065)
Gain on disposal of property, plant and equipment	-	4	11	26
Gain on remeasurement of Right-of-Use assets	-	27	60	458
Interest income	1,250	415	2,718	1,736
Fair value gain/(loss) on derivative financial instruments	13	295	13	344
Fair value gain/(loss) of biological asset	531	1,509	531	1,509
Rental income	309	340	1,213	1,692
Sundry revenue	208	<u>857</u>	930	<u>1,598</u>
	(4,155)	<u>3,037</u>	9,217	<u>6,553</u>

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24. Operating Expenses

The operating expenses include the following charges:

	4th Quarter Ended		Year to Date	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Depreciation & amortization of property, plant and equipment and Right-of-Use assets	4,867	4,546	18,984	17,639
Interest expenses	254	260	985	1,060
Property, plant & equipment written off	22	4	23	4
Biological asset written off	-	69	-	140

25. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off-balance sheet risk as at 31 December 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 fourth single tier dividend of 1.1 sen per share and a special dividend of 2.0 sen per share on the enlarged share capital of 539,999,964 totalling RM5.94 million and RM10.80 million respectively in respect of the financial year ended 31 December 2022, payable on 24 March 2023 to depositors registered in the Records of Depositors at close of business on 9 March 2023.

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28. Basic Earnings per Share

	4th Quarter Ended		Year-to-Date	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Parent	16,872	12,616	74,835	37,770
Weighted average number of shares in issue ('000)	540,000	540,000	540,000	540,000
Basic Earnings per Share (sen)	3.12	2.34*	13.86	6.99*

*Based on the enlarged issue capital of 539,999,964 shares after the Proposed Bonus Issue on 1 July 2022.

29. Authorisation for issue

These interim financial statements and the accompanying notes were authorised for issue by the Board of Directors on 20 February 2023.

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

Pang Kah Man, MIA 18831
Company Secretary